

ANNUAL REPORT 2018-19



Shahlon
Silk Industries Ltd.

EFFICACY BY INTEGRATION



DISCLAIMER

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically produce/publish contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

FACTS & FIGURES



4,00,00,000
Meters p.a.

FABRIC CAPACITY



22,200 Metric
Tons p.a.

YARN CAPACITY



30+

**YEARS OF TEXTILES
EXPERIENCE**



1,800

EMPLOYEE



10+















**COUNTRIES
WORLDWIDE PRESENCE**



4.55 MW

WIND MILL CAPACITY

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OUR EVOLUTION

1984 - 2000

Started with 12 conventional power looms, early years defined path of our growth through the installation of 282 water-jet looms. Procurement of Reliance Industries' sales agency for synthetic yarn.

2000 - 2005

As the first of many eco-friendly initiatives, we incorporated green energy within our operations through a 1.25mw windmill. Installed an Effluent Treatment Plant (ETP) with the capacity to recycle 15 lakhs litres of water every day. We further expanded production capacity with installation 100 water-jet looms.

2005 - 2010

Incorporated more green energy in our operations by installing two windmill with capacity of 0.6mw each. Further installation of 14 polyester sizing machines, largest in Surat, newer and better technology made into our operations.

2011 - 2015

This period saw tremendous growth, with commencement of yarn dyeing. Further expansion of existing units.

2016 - 2018

Introduced finished fabric with additional yarn dyeing capacity, along with yarn space dyeing machine, 30 air jet looms and windmill with capacity of 2.10mw. We are a renowned firm operating on globally accepted standards and manufacture natural fibres like cotton, viscose and rayon.



COMPANY AT A GLANCE

VISION

“To be one of the world’s leading integrated textile enterprise exceeding customer and stakeholder expectations, driven by research, innovation and excellence”

MISSION



Strive to offer innovative, customized and value added services to our customers



Be an ethical, transparent and a responsible global organization



Optimize the use of all resources, through state of the art technology



Innovate constantly in our business



Become a process driven organization



Human Resource development initiatives



Surpass compliance and global quality standards



Actively explore and tap potential markets & products

VALUE



Customer satisfaction



Adaptable and open to change, thus breaking the status quo



Passionate about creativity, innovation and excellence



Visionary leadership



Concern for the environment & the community



Ethical, transparent and global corporate citizens



CORE VALUES



Expertise gained through more than 3 decades of experience.

Leading yarn & fabric producer catering to both domestic and international markets.

State-of-the-art integrated in-house manufacturing facilities built complying with international standards ensuring consistency in quality.

Ability to meet commitments to customers on timelines, costs and quality.

Offers a one-stop solution for all fancy yarn and fabric needs of the customers.

GROWTH DRIVERS

- Maximising production capabilities with least possible capital outlay and minimum possible time.
- Capturing unexplored global markets by diversifying into new geographies and new products.
- Continuous product development process and knowledge of our R&D team empowers us to be trailblazers in the market.
- Adopt globally accepted manufacturing technology, delivering speed, versatility and most importantly, quality.
- Flawless manufacturing process comprising extensive testing methods, to adhere to all quality specifications.
- Understanding and anticipating the requirements of our customers to offering pre sales and post-sales service, leading to enhanced customer satisfaction

BUSINESS SEGMENTS

YARNS

Textured Yarn :

We produce all types of textured and crimp yarn, using international standard manufacturing techniques.

Carpet Yarn :

We have been exporting various types of yarns such as micro and high bulk to the carpet manufacturing industry, for products ranging from rugs to wall to wall carpets.

Intermingled Yarn :

Our carpet yarn offerings have also been further expanded through intermingled yarn.

Dyed Yarn :

We have in-house capacities and world-class infrastructures such as color matching through a spectrophotometer and shade development through ARS and Pantone cards, we are well-known to meet the dyeing needs of international and local markets.

Space Dyed Yarn :

Adding further value to dyed yarn, we also manufacture and supply polyester/ viscose space-dyed yarn.

Sized Yarn:

To meet the quality standards of fabrics and to cater local weaving market, manufacturing and supplying sized beams.



FABRICS

Solid-dyed Fabrics :

We have partnered with top fabric processing houses, ensuring we meet the highest quality benchmarks.

Jacquard & Yarn-dyed Fabrics :

With an in-house yarn dyeing set-up capacity of 36,00,000 meters per annum, we produce exceptional quality jacquard & yarndyed fabrics for fashion and furnishing.

Printed Fabrics :

Through our partnership with top fabric processing houses, we also supply a wide range of printed fabrics manufactured through rotary, flatbed and digital printing technologies.

Sustainable Fabrics :

We are very conscious about our impact on the environment, so in addition to our eco-friendly infrastructure, we also manufacture sustainable fabrics made from recycled yarns.

Greige Fabrics:

With a capacity of weaving 3,64,00,000 meters per annum, we are one of the largest and most renowned greige fabric manufacturers in India.



APPLICATIONS



WEAVING



FURNISHING



LACES



TAPES



KNITTING



VELVET



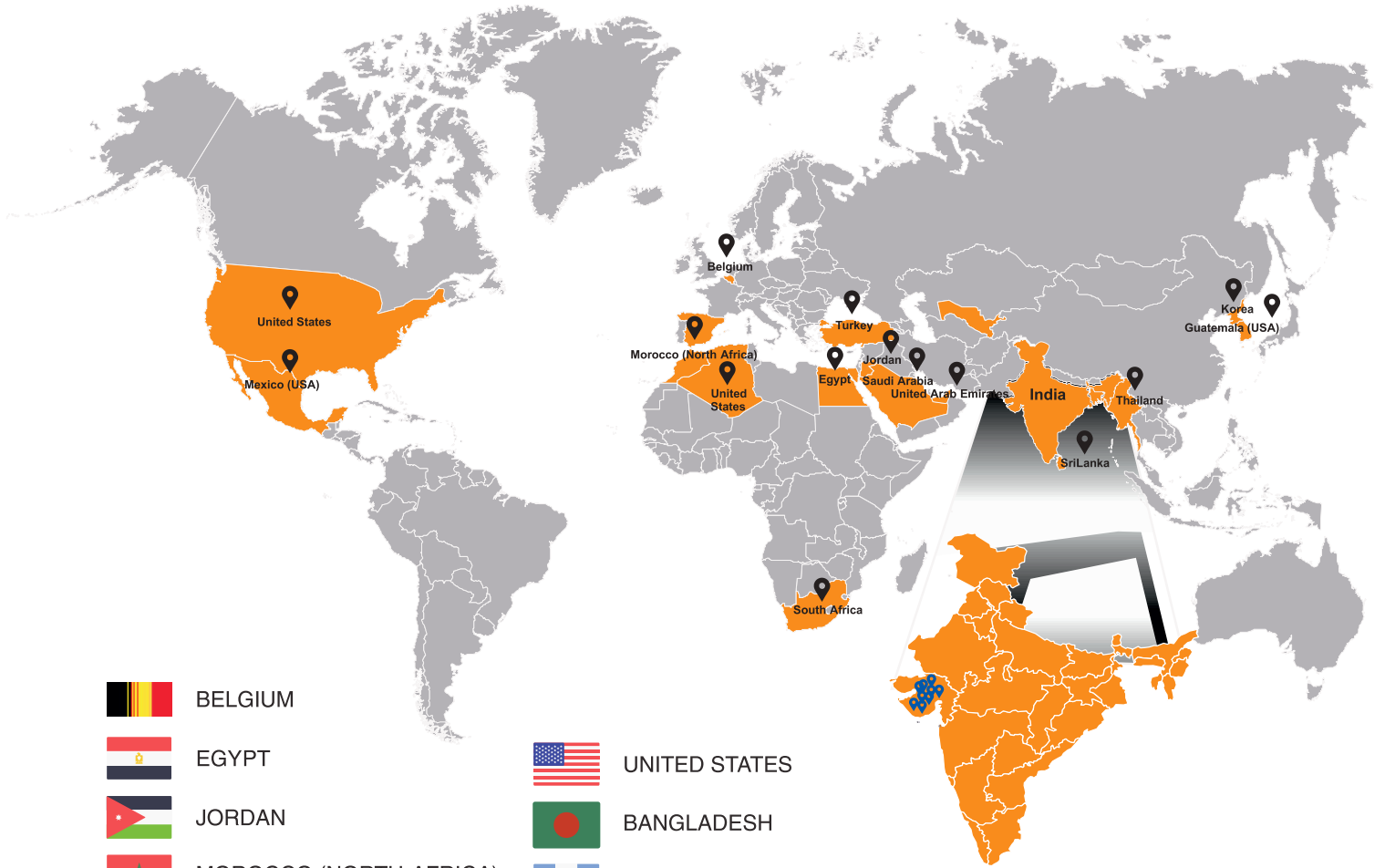
LABELS



CARPETS



GEOGRAPHICAL REACH



- | | | | |
|---|------------------------|---|-----------------|
|  | BELGIUM |  | UNITED STATES |
|  | EGYPT |  | BANGLADESH |
|  | JORDAN |  | GUATEMALA (USA) |
|  | MOROCCO (NORTH AFRICA) |  | KOREA |
|  | THAILAND |  | MEXICO (USA) |
|  | TURKEY |  | SAUDI ARABIA |
|  | UNITED ARAB EMIRATES |  | SOUTH AFRICA |
|  | SRI LANKA | | |

**14% Export
Share in
Total
Revenue**

CORPORATE OFFICE

Surat, Gujarat. India

PLANT (IN GUJARAT)

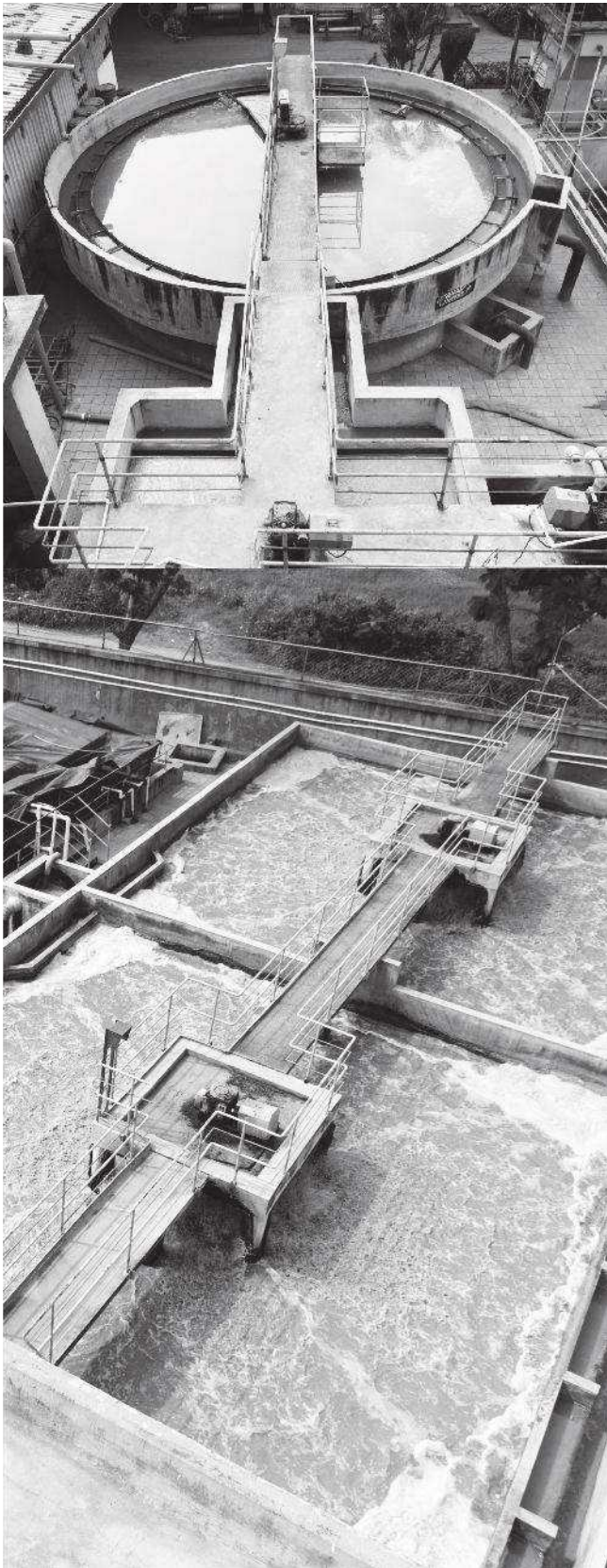
• Kim • Karanj • Kosamba • Sachin

SOCIAL AND GREEN INITIATIVE

ENVIRONMENT

Caring Mother Nature in all possible ways company has taken due efforts to minimise effect on natural resources. Textile processes being a high power and water consumption processes company has a zero liquid discharge policy with complete recycling for water it uses in its process. Further company has installed 4 wind mills of 4.55 MW capacities to get green energy for its manufacturing requirement and annual contribution of wind energy to total power consumption is approx. 35%-40%.





EDUCATION

Our local communities fuel our growth and we make ongoing contributions to their development. We are tightly involved with a social organization called 'Oasis' for the upliftment of people in the rural areas surrounding our units, education them through various workshops for youth women and to better education for students with special needs.

The group also acts as the chairman of ITI Umarpada helping in effectively managing the institute. Through this we provide technical education to students living in the nearby tribal area.



PEOPLE

WE continuously train our employees and contractors regarding their health and well being. provide an extremely safe work environment, Further, we regularly organise blood donation and health checkup camps at our premises. We have also assisted in spreading cleanliness in nearby villages. support villagers in opening bank accounts, and regularly advise them regarding financial planning.



CHAIRMAN MESSAGE



Dhirajlal Raichand Shah
Chairman of the Board

Dear shareholders,

The year under review was one of the landmark in Shahlon's history. The Company consolidated its operations by amalgamation of promoter's group company, Shahlon Silk Industries Ltd and Fairdeal Filaments Ltd. This will increase efficiencies, increase market share and enhance product offerings. Consolidation of the Companies will empower us to provide stronger manufacturing base. Companies possess complimentary portfolios which will de-risk Company's business model. Companies complement each other in managing risks and financial resources which will facilitate effective management of investments and synergies in operations.

Our company achieved sales of Rs. 53,206 lakhs for the year ended March 31 2019, against Rs. 52,985 lakhs the year before. The profits after tax saw an impressive growth 41% rising from Rs 264 lakhs last fiscal to Rs 373 lakhs this year. Our Net worth grew to Rs 8,979 lakhs from Rs 8,678 lakhs. Our endeavor in the value addition and consolidation of our group companies will clearly reap good results in coming years.

The Indian textile industry has long been one of the key contributors to the nation's GDP. Textiles contributes about 7% to industrial production, 2% to the GDP and 15% to the country's total export earnings. The sector is also the second largest employment provider after agriculture - employing over 45 million people.

Despite its size and reach and being an ancient industry, the Indian textile market remains largely unorganized with very few companies having the infrastructure and network to service clients in an organized manner. In a largely commoditized market, Shahlon Silk Industries Ltd., which has been offering its products in synthetic yarn and fabric space, has been steadily growing as one of the few organized players. Our products cater to weaving and garmenting industry.

“Companies complement each other in managing risks and financial resources which will facilitate effective management of investments and synergies in operations”

“Our focus will be to emerge as the most preferred organized player for our esteemed clientele in textile industry”

At Shalton we believe, satisfied clients are preceded by satisfied employees. We have a professional human resources team in place that makes sure goals and rewards are set appropriately keeping every individual's strengths and weaknesses in mind. Spotting the right talent, harnessing it and retaining it are the key challenges that the company continues to manage and will do so in future. Shalton has a vision to be one of the world's leading integrated textile enterprise exceeding customer and stakeholder expectations, driven by research innovation and excellence.

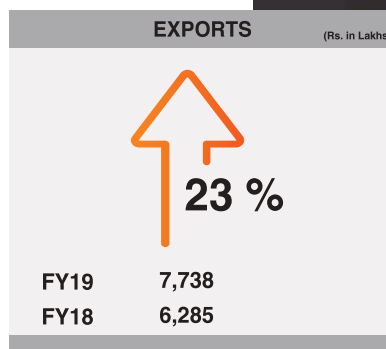
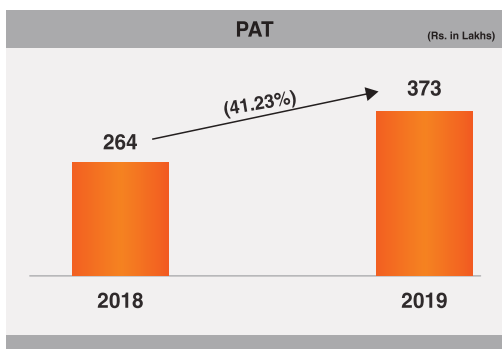
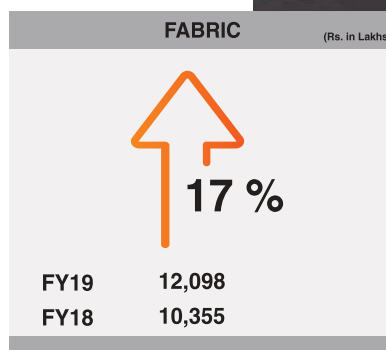
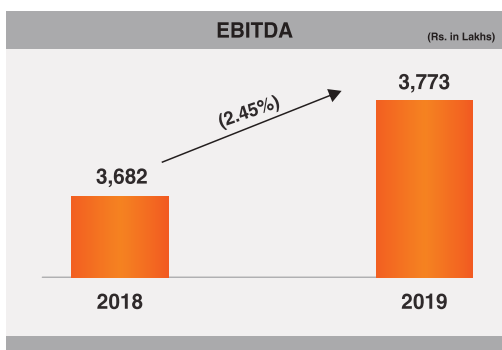
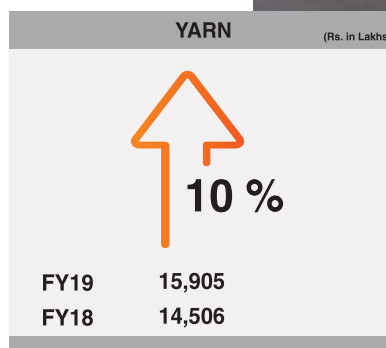
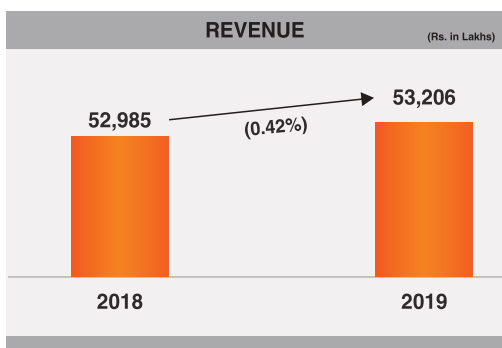
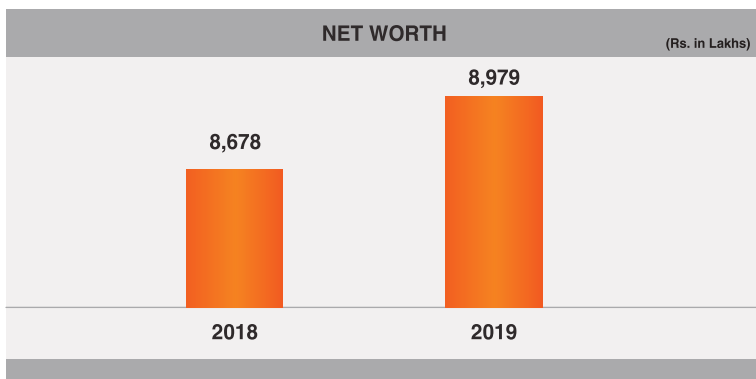
While steadily marching towards success, the company has been responsible towards a cleaner and greener environment. We have been successfully running a 1.5 MLD CETP plant with zero discharge and complete recycling of water used in its operations at Karanj Location. Further the company has installed 4 wind turbines of 4.55 MW capacities to cater the power requirement of in its manufacturing processes through green energy and reduce carbon footprints.

Going ahead, our focus will be to emerge as the most preferred organized player for our esteemed clientele in textile industry. It will tap the resources needed to make the next leap in the industry. We are ready for global challenges as our product portfolio is competitive enough to foreign shores like Turkey, Thailand, Morocco, Jordan and other yarn consuming counties where we have entered in recent past years.

With the consolidation, the company is far stronger now. This makes it more resilient and endows it with the capability to take up bigger challenges. Shalton has loved spinning success for its partners but we know we couldn't have done it without your continued support and trust to enable us to continue our journey to the top of the value chain. On behalf of the board of Directors, I thank all stakeholders for their support.

Chairman

FINANCIALS



MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY:

2018 started with the expectation of a bumper growth of around 4% in global real GDP growth. However, by second half of the year, several factors collectively impacted the outlook and the year closed at about 3.6% growth. US-China trade tensions, weak macroeconomic situation in countries like Argentina and Turkey, auto sector issues in Germany and tighter monetary policy in China – all contributed to slowing of growth. Most of these factors are still playing out in the first part of 2019, though recovery is expected later in the year and expectations are that 2019 will clock 3.3% growth in global GDP.

INDIAN ECONOMY:

India closed fiscal year 2018-19 with a real GDP growth of 7.2% - highest in past 3 years. However, quarterly data indicates that the year started at 8%+ growth in Q1 and has seen growth rate slowing down in successive quarters with Q3 delivering only 6.6%. Economic growth in FY 2019-20 – with estimates ranging from 6.2% to 7.0% by different agencies.

In FY 2018-19, the Indian economy saw several interesting milestones being achieved. Exports are estimated to hit \$330 billion – surpassing the earlier record of \$314 billion in FY 2013-14. GST collections hit rupees 1 lakh crore per month mark, for many months in the later part of the year. Village electrification got completed in April 2018 and we are now nearing universal household electrification. Rupee depreciated sharply in the beginning of the year, but recovered a portion of lost ground by end of March. Inflation remained low, largely aided by low food prices. Government set export targets for agricultural products for the first time in history.

In spite of lot of challenges faced in international scenario in terms of trade, and the policy changes of many countries, India is still in a position to retain the stability of the currency, this shows that the Economy is becoming stronger and vibrant to take the challenges whatever may come in future. Basic Raw material prices fluctuate in line with international prices and will continue to have an impact on the company's performance as raw materials constitute significant component of net sales.

INDIAN TEXTILE INDUSTRY :

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13 to 14 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The Government has been overall supportive in encouraging textile Industry India, Textiles and garment industry has been included in list of 25 sectors of 'Make in India' initiative of the Government of India. With the right Government policies we believe that the Indian Textile Industry is well poised to benefit from the large opportunity offered in the domestic and export market. The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

RISK AND CONCERNS:

Shahlon is engaged in Manufacture of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturing, yarn dyeing, twisting, crape, ply yarn etc. The basic raw material for manufacturing company's product is POY, FDY, PFY etc. The company is a Marketing agent of Reliance Industries Limited for yarn products and supplying yarn to various big players in the market. Fluctuating prices of raw material is a big concern for the industry which may strain the profitability margins. The company has established network for marketing of its products, wide spread customer base, good market reputation and quality of the products, the company is in a position to pass on increase if any in cost to their customers.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has a robust internal control system commensurate with the size and scale of its operations. Roles and responsibilities are clearly defined and assigned. Standard operating procedures are in place by way of built in controls in ERP system and have been designed to provide a reasonable assurance. Internal audit is used as an effective tool to check and enhance efficacy of systems, processes and controls of the Company. The review plan, drawn in consultation with the senior management, covers all the major areas. These are aimed at giving the Audit Committee a reasonable assurance on the reliability of financial reporting and statutory & regulatory compliances, effectiveness and efficiency of your Company's operations. The Internal Financial Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

FINANCIAL PERFORMANCE:

The Hon'ble NCLT, Ahmedabad Bench had sanctioned on 10.05.2019 scheme of amalgamation in the nature of merger with Fairdeal Filaments Limited (a group company) having similar line of business. Appointed date for merger was 01.04.2018 hence the financial statement has been presented in accordance with Ind AS 103 brief summary of which is reproduced hereunder:

(Rs. In Lakhs)

PARTICULARS	FY2017-18	FY2018-19
Revenue from operation	52,932.04	53,108.39
Other Income	53.13	97.76
Total Revenue	52,985.17	53,206.14
EBITDA	3,682.29	3,772.61
PBT	514.93	488.86
PAT	264.11	372.99

Overall revenue of the company has improved from Rs. 52932.04 in FY 2017-18 to Rs. 53108.39 Lakh in FY 2018-19 with a marginal growth as compared to previous financial year due to muted growth in the domestic market. EBITDA margin of the company has improved from Rs. 3682.29 Lakh in FY 2017-18 to Rs. 3772.61 Lakh in FY 2018-19. Profit before tax of the company decreased from Rs. 514.93 Lakh in FY 2017-18 to Rs. 488.86 Lakh FY 2018-19. Profit after tax of the company has improved from Rs. 264.11 lakh in FY 2017-18 to Rs. 372.99 Lakh in FY 2018-19.

Manufactured / Value added Fabric & Yarns sale during the year grew by 12% from Rs. 24861.77 Lakh in FY 2017-18 to Rs. 27909.34 lakh in FY 2018-19 similarly the trading and other turnover has reduced by 10% from Rs. 28123.40 Lakh in FY 2017-18 to Rs. 25296.80 in FY 2018-19. Export of the company has grown from Rs. 6284.54 Lakh in FY 2017-18 to Rs. 7738.33 Lakh in FY 2018-19 registering a healthy growth of 23%.

KEY FINANCIAL PARAMETERS

PARTICULARS	FY 2017-18	FY 2018-19
Debtors Days	76	74
Creditors Days	21	16
Inventory Days	42	47
Working Capital Days	97	105
EBITDA %	6.95%	7.09%
PAT %	0.50%	0.70%

MANAGEMENT DISCUSSION AND ANALYSIS

Working capital requirement has increased due to multiple factors e.g. liquidity crunch in all levels of value chain segments of textile business. Operating margins has improved as the company has focused more on maximizing higher value added product in overall sales mix. Net profit of the company has improved from 0.50% to 0.70%.

CREDIT RATINGS :

As on 31.03.2019, for long term bank facilities of the company has been rated by CRISIL Limited. Long term rating has been assigned BB+ / Stable - positive outlook and short term rating A4+.

OUTLOOK:

The company is taking all efforts to improve the quality and productivity to get more orders at competitive rates. The expansion program by improving efficiency by installation of new and high tech machinery will push volume growth. The company's business is committed to achieve world benchmark quality besides expanding on new product offering from new clients. Further the business will continue to focus on improving its cost competitive position. These measures will ensure the company maintaining its leadership position in the world market. Due to own manufacturing facilities, the company is able to maintain safety of products, high quality & productivity in the finished goods manufactured. Barring unforeseen circumstances the company is confident of achieving better results in the current year.

HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATIONS:

Shahlon recognizes that its people are most valuable resources and therefore as a policy of nurturing talent and ensuring that there is growth and their capabilities grow in relation to the growth of the company. The human resources function takes into account the capability, commitment and sincerity while evaluating talent within the company and suitable reward structure is in place to ensure maximum employee satisfaction. Regular training programs have been in place to improve the work capability at various levels in order to improve the competencies and skills.

FORWARD LOOKING STATEMENT – CAUTIONARY STATEMENT:

Certain matters discussed in this report may contain statements regarding the Company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the Company's future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company's market preferences and its exposure to market risks, as well as other risks. The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Management Discussion and Analysis. The Company assumes no obligation to update any forward-looking information contained in this Management Discussion and Analysis. Any forward-looking statements and projections made by third parties included in this Management Discussion and Analysis are not adopted by the Company and the Company is not responsible for such third party statements and projections.

BOARD OF DIRECTORS

MR. DHIRAJLAL RAICHAND SHAH

Chairman & Promoter Director

Commerce Graduate having vast experience of around 34 years in the textile business.

MR. ARVIND RAICHAND SHAH

Promoter Director

Science Graduate and has vast experience of around 34 years in the textile business.

MR. NITIN RAICHAND SHAH

Managing Director

Commerce graduate having vast experience of around 34 years in textile business.

MRS. RICHA MANOJ GOYAL

Professional Independent Director

She is a Law graduate and fellow member of the Institute of Company Secretaries of India.

MR. RAJENDRA KUNDANLAL DESAI

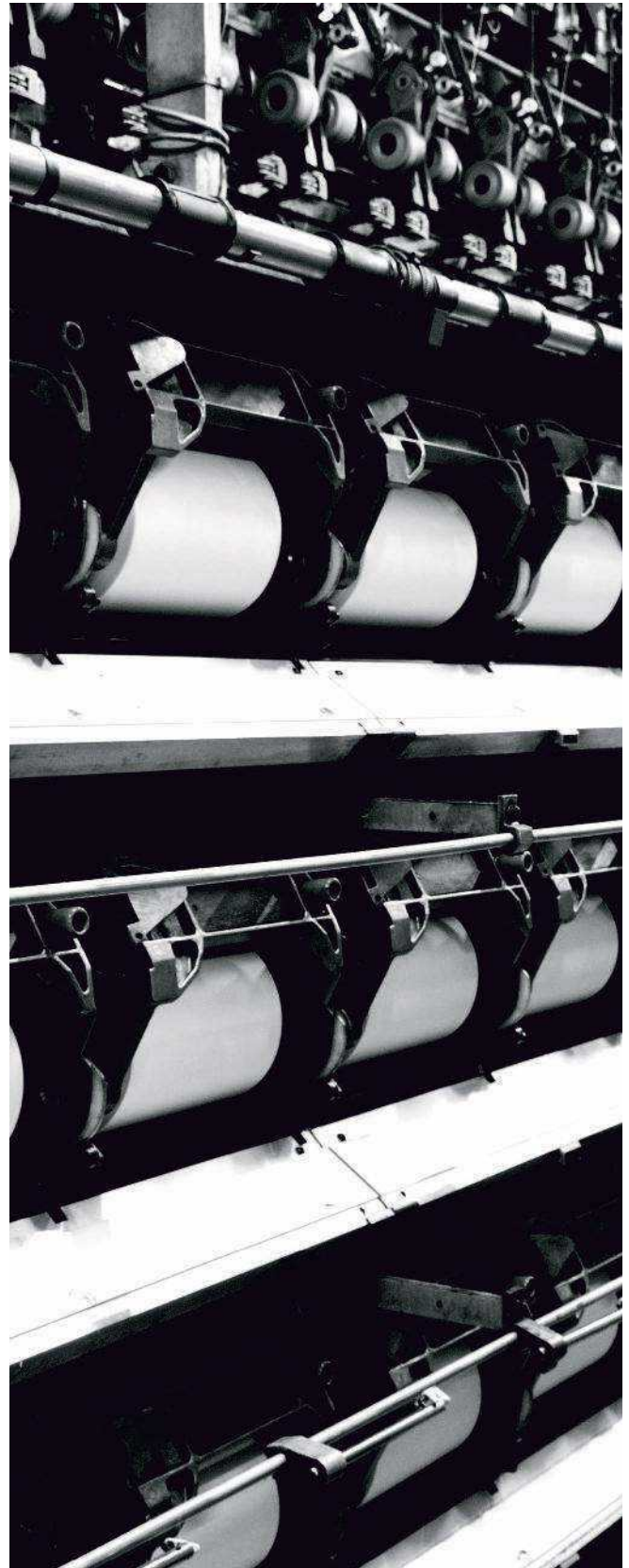
Professional Independent Director

A qualified CA with an experience of more than 30 years in field of project finance, audit, accounts and taxation.

MR. VAIBHAV JAYANTBHAI MEHTA

Professional Independent Director

Textile Technology (Engineer), he has relevant experience of 22 year in textile Industry.



CORPORATE INFORMATION



COMPANY SECRETARY

Mr. Hitesh Kantilal Garmora

CFO

Mr. Jayantilal R. Shah

AUDITORS

M/s. Rasesh Shah & Associates,
Chartered Accountants, Surat.

SECRETARIAL AUDITOR

Bhairav H. Shukla,
Practicing Company Secretary

BANKERS

1. The Cosmos Co-Operative Bank Limited, Surat
2. Bank of Baroda, Zampa Bazar, Surat
3. State Bank of India, Surat
4. ICICI Bank, Ahmedabad.

REGISTERED OFFICE

91, G.I.D.C., Khatodara, B/H.: Sub-Jail,
Ring Road, Surat- 395002, Gujarat
Tel. No. (0261) 4190200 Fax No. (0261) 2635550
E-mail: info@shahlon.com Website : www.shahlon.com

CORPORATE OFFICE

3rd Floor Dawer Chambers, Nr. Sub-Jail,
Ring Road, Surat-395002, Gujarat, India
Tel. No. (0261) 4190200

REGISTRARS & SHARE TRANSFER AGENT

Bigshare Services Private Limited

A/802, Samudra Complex, Near Klassic Gold Hotel,
Off C.G. Road, Navrangpura, Ahmedabad-380009, Gujarat.
Tel No.: (079) 40392571 E-mail: bssahd@bigshareonline.com

ISIN for NSDL & CDSL

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FINANCIAL SECTION

NOTICE

Notice is hereby given that the 11th Annual General Meeting of members of SHAHLON SILK INDUSTRIES LIMITED will be held on Monday, 30th day of September, 2019, at 11:00 A.M. at the Corporate Office of the company situated at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat- 395002 to transact the following Business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statement for the year ended 31st March, 2019, together with the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year ended 31st March, 2019.
3. To appoint a Director in place of Shri Dhirajlal R. Shah (DIN 00010480), Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re enactment(s) thereof, for the time being in force), and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s Rasesh Shah & Associates, Chartered Accountants (Registration No.108671W), the retiring auditors, be and are hereby re-appointed as Statutory Auditors of the Company to hold office for a period of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the Sixteenth Annual General Meeting, at such remuneration as may be fixed by the Board of Directors of the Company."

Special Business:

5. To ratify the Remuneration of Cost Auditors.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Cost records and Audit Rules) 2014 and The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification (s) or reenactment(s) thereof for the time being in force), the remuneration payable to M/s. Kannaujiya & Co., Cost Accountants, having Firm Registration No.102990 appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company pertaining to textile product for the financial year ending 31st March, 2020, amounting to Rs. 30,000/- (Rupees Thirty Thousand) as also the payment of taxes as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution including variation in the terms and conditions."

6. To appoint Shri Vaibhav Jayantbhai Mehta as an Independent Director:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, Shri Vaibhav Jayantbhai Mehta (DIN 08484567), who was appointed as an Additional Director (Independent) of the Company by the Board of Directors with effect from June 17, 2019 and holds office upto the date of the AGM, and who being eligible for appointment as an Independent Director, has given

his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and in respect of whom the Company has received a requisite Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, whose appointment is recommended by the Nomination & Remuneration Committee be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office as such for a period of 5 (five) consecutive years with effect from October 1, 2019 to September 30, 2024."

7. To appoint Shri Nitin R. Shah as a Whole-time Director:

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 [including statutory modification(s) or re-enactment thereof for the time being in force] the and Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and subject to approval of requisite authorities, if any, and in modification to the Special Resolution passed by members at 10th Annual General Meeting with respect to the appointment of Shri Nitin R. Shah as a Managing Director, consent of Shareholders be and is hereby accorded for change of designation of Shri Nitin R. Shah from Managing Director to Whole Time Director of the Company for a three years term commencing from October 1, 2019 till September 30, 2022 on the terms and conditions including remuneration as set out in the draft agreement as approved by the Nomination and Remuneration Committee as also the Board of Directors of the Company at its respective meeting held on 16th August, 2019."

FURTHER RESOLVED that the Board of Directors shall have liberty to vary any terms and conditions relating to appointment of and remuneration payable to Shri Nitin R. Shah as a Whole-time Director.

FURTHER RESOLVED THAT in case of absence or inadequacy of profit, aforesaid remuneration shall be treated as minimum remuneration.

RESOLVED FURTHER THAT pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, applicable provisions of the Companies Act, 2013 read with rules made thereunder and other laws applicable, if any [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] as also pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, approval be and is hereby accorded, to the continuation of payment of remuneration to Mr. NITIN RAICHAND SHAH (DIN: 00010487) (belonging to promoter group) as a Whole Time Director on the aforesaid terms and conditions for his proposed tenure beginning on 01st October, 2019, and ending on 30th September, 2022, notwithstanding

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher, OR
- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

8. To appoint Shri Arvind R. Shah as a Managing Director:

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 [including statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Appointment and

Remuneration of Managerial Personnel) Rules 2014, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and subject to approval of requisite authorities, if any, approval be and is hereby accorded to appoint Shri Arvind R. Shah as a Managing Director of the Company for a three years term commencing from October 1, 2019 till September 30, 2022 on the terms and conditions including remuneration as set out in the draft agreement as approved by the Nomination and Remuneration Committee as also the Board of Directors of the Company at its respective meeting held on 16th August, 2019.

FURTHER RESOLVED that the Board of Directors shall have liberty to vary any terms and conditions relating to appointment of and remuneration payable to Shri Arvind R. Shah as a Managing Director.

FURTHER RESOLVED THAT in case of absence or inadequacy of profit, aforesaid remuneration shall be treated as minimum remuneration.

RESOLVED FURTHER THAT pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, applicable provisions of the Companies Act, 2013 read with rules made thereunder and other laws applicable, if any [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] as also pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, approval be and is hereby accorded, to the continuation of payment of remuneration to Mr. NITIN RAICHAND SHAH (DIN: 00010487) (belonging to promoter group) as a Whole Time Director on the aforesaid terms and conditions for his proposed tenure beginning on 01st October, 2019, and ending on 30th September, 2022, notwithstanding

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher, OR
- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net

profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

9. To appoint Shri Dhirajlal R. Shah as an Executive Chairman:

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 [including statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and subject to approval of requisite authorities, if any, approval be and is hereby accorded to appoint Shri Dhirajlal R. Shah as an Executive Chairman of the Company for a three years term commencing from October 1, 2019 till September 30, 2022 on the terms and conditions including remuneration as set out in the draft agreement as approved by the Nomination and Remuneration Committee as also the Board of Directors of the Company at its respective meeting held on 16th August, 2019.

FURTHER RESOLVED that the Board of Directors shall have liberty to vary any terms and conditions relating to appointment of and remuneration payable to Shri Dhirajlal R. Shah as an Executive Chairman.

FURTHER RESOLVED THAT in case of absence or inadequacy of profit, aforesaid remuneration shall be treated as minimum remuneration.

RESOLVED FURTHER THAT pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, applicable provisions of the Companies Act, 2013 read with rules made thereunder and other laws applicable, if any

[including any statutory modification(s) or re-enactment(s) thereof for the time being in force] as also pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, approval be and is hereby accorded, to the continuation of payment of remuneration to Mr. DHIRAJLAL RAICHAND SHAH (DIN: 00010480) (belonging to promoter group) as an Executive Chairman on the aforesaid terms and conditions for his proposed tenure beginning on 01st October, 2019, and the aforesaid term of reappointment ending on 30th September, 2022, notwithstanding

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher, OR
- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

- 10. To appoint Shri Jayantilal R. Shah as a 'Head –Accounts & Legal' to hold office or Place of Profit:

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder [including statutory modification(s) or re-enactment(s) thereof] and in modification to the Special Resolution passed by members at 10th Annual General Meeting with respect to the appointment of Shri Jayantilal R. Shah as Chief Financial Officer, the consent of Shareholders be and is hereby accorded to change the designation of Shri Jayantilal R. Shah from "Chief Financial Officer" to "Head – Accounts & Legal" of the Company to hold office or Place of Profit, who is a relative of Directors, upon a remuneration not exceeding Rs.4,50,000 p.m. (excluding reimbursement of expenses, if any) including monthly basic salary, other allowances, benefits, amenities and facilities with effect from 1st October, 2019."

By Order of Board of Directors of
Shahlon Silk Industries Limited

Place : Surat
Date : 16.08.2019

Hitesh K. Garmora
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the time of holding the meeting. A Proxy form is enclosed herewith. Corporate members are requested to send a duly certified copy of the Board resolution/authority letter, together with the specimen signature(s) of the representative(s) authorized under the said Board Resolution to attend and vote on their behalf at the Meeting.

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.

2. The Explanatory statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts relating to Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
3. Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto.
4. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking appointment/ re-appointment as Director, are also annexed.
5. Pursuant to the provisions of section 91 of the Companies Act, 2013, the register of members and share transfer books of the Company shall remain

closed from Saturday, 14th September, 2019 to Monday, 30th September, 2019 (both days inclusive) for the purpose of payment of Dividend for financial year ended 31st March, 2019 and the 11th AGM of the Company. The Record date for determining the name of the members eligible for Dividend on Equity share, if declared at this meeting, is Friday, 13th September, 2019.

6. Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched on or after Monday, 30th September, 2019 as under:
 - a. to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on Friday, 13th September, 2019; and
 - b. to all those shareholders holding shares in physical form whose names stand on the Register of Members as on Friday, 13th September, 2019.
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Bigshare Services Private Limited for assistance in this regard.
8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code etc. to their DPs in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, Bigshare Services Private Limited in case the shares are held by them in physical form.

SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Big share Services Private Limited

9. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2010-11, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on

September 29, 2018 (date of the previous Annual General Meeting) on the website of the Company. The said details have also been uploaded on the website of the IEPF Authority i.e. www.iepf.gov.in.

Please note that Members who have yet not en-cashed their dividend warrant(s) pertaining to dividend declared for the financial year 2011-12 and onwards are requested to lodge their unpaid dividend claims along with claimant's Proof of Identity, Cancelled Cheque and address immediately with the Company before transfer of said dividend amount to the IEPF.

Due dates for transfer of unclaimed/unpaid dividends for the financial year 2011-12 and thereafter to IEPF:

Financial Year	Date of Declaration of Dividend	Dividend Payment	Due Date for transfer to IEPF
2011-2012	28/09/2012	12.5%	04/11/2019
2012-2013	30/09/2013	12.5%	06/11/2020
2013-2014	30/09/2014	5.00%	06/11/2021
2014-2015	30/09/2015	12.5%	06/11/2022
2015-2016	30/09/2016	12.5%	06/11/2023
2016-2017	29/09/2017	12.5%	05/11/2024
2017-2018	29/09/2018	12.5%	05/11/2025

10. a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2018-19, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer. Details of shares transferred to the IEPF Authority are available on the website of the Company. The said details have also been uploaded on the website of the IEPF Authority i.e. www.iepf.gov.in.
- b) The Company has now communicated individually the concerned shareholders whose shares are liable to be transferred to

IEPF Authority during the financial year 2019-20 at their latest available address with the Company and simultaneously published a notice in the English newspaper the Financial Express and in Gujarati newspaper Gujarat Guardian dated 06/08/2019, for taking appropriate action. The Statement of details of such Shareholders and Shares due for transfer to IEPF Authority during the financial year 2019-20 and the Statement of Unclaimed Dividend amount for 7 consecutive years is placed on the website of the Company.

- c) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from IEPF Authority. Concerned members / investors are

advised to visit the web link: <http://www.iepf.gov.in/IEPFA/refund.html> or contact Company or Bigshare Services Private Limited, the Registrar and Share Transfer Agent of the Company for lodging claim for refund of shares and / or dividend from the IEPF Authority.

11. Members/Proxy Holders should bring Attendance Slips duly filled in for attending the meeting. Members are requested to bring their copy of Annual Report at the Meeting.
12. Members seeking any information concerning the accounts and operations are requested to send their queries to the company at least 10 days before the date of the meeting, so that information required can be made available at the meeting.
13. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
14. The Board of Directors has appointed Shri Bhairav H. Shukla, Practicing Company Secretary (Membership No. FCS 6212) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
15. The facility for voting through ballot or polling paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.
16. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
17. The instructions and manner for availing e-Voting facility are as under:

The instructions for shareholders voting electronically are as under:

 - (i) The voting period begins on 26th September, 2019 (9.00 a.m.) and ends on 28th September, 2019 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot/ Attendance Slip/ Sticker indicated in PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant Shahlon Silk Industries Ltd on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also use Mobile app – "m-Voting" for e voting. Shareholders may log in to m-Voting using their e voting credentials to vote for the company resolution(s).

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxi) Following person responsible to address the grievances connected with facility for voting by electronic means:

Name : Mr. Rakesh Dalvi

Designation : Deputy Manager

Address : Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Fort, Mumbai – 400001.

Email id : helpdesk.evoting@cdslindia.com

Phone number : 18002005533

(xxii) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holds shares as of the cut-off date i.e. 21st September, 2019, may obtain the login ID and password by sending a request to helpdesk.evoting@cdslindia.com or Issuer / RTA.

However, if person is already registered with CDSL for e voting then existing User ID and password can be used for casting vote.

18. Electronic copy of the Notice of the 11th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting alongwith Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 11th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

19. Pursuant to section 101 and section 136 of the Companies Act, 2013 read with relevant rules made thereunder, Companies can serve annual reports and other communications through electronic mode to those members who have registered their e-mail address with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting the duly filled in "E-mail Registration Form", available on the website of the Company, to the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.

The Notice of annual general meeting and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website (www.shahlon.com) of the Company.

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36(3) OF THE SEBI LISTING REGULATIONS, 2015 AND

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 4 OF THE NOTICE

M/s Rasesh Shah & Associates, Chartered Accountants, (ICAI Firm Registration Number 108671W) were appointed as the Statutory Auditors of the Company at the 6th annual general meeting held on 30.09.2014 for a term of 5 years till the conclusion of ensuing Annual General Meeting.

On recommendation of Audit Committee, the Board of Directors recommended for re-appointment of M/s Rasesh Shah & Associates, Chartered Accountants (ICAI Firm Registration Number 108671W), as the statutory auditors of the Company for a further period of five years from the conclusion of this AGM till the conclusion of the sixteenth Annual General Meeting.

M/s Rasesh Shah & Associates, Chartered Accountants, have consented to the aforesaid appointment and confirmed that their appointment, if made, will be within the limits specified under Section 141(3)(g) of the Companies Act, 2013 (the Act). They have further confirmed that they are not disqualified to be appointed as the Statutory Auditors in terms of the Act and the rules made thereunder.

M/s Rasesh Shah & Associates, Chartered Accountants, are proposed to be paid an annual remuneration / fees of Rs. 3.80 Lakhs plus outlays and taxes as applicable from time to time. The power may be granted to the Board/Audit Committee to alter and vary the terms and conditions of appointment, revision including revision of the remuneration for remaining tenure during the proposed tenure of five years, etc., including by reason of necessity on account of conditions as may be stipulated by the any authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

The remuneration paid to the Statutory Auditors will be disclosed in the Annual Financial Statements of the Company on an annual basis.

Your Board of Directors, therefore, recommends passing of the ordinary resolution as set out in Item No. 4 of the accompanying Notice.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

ITEM NO. 5 OF THE NOTICE

The Board of Directors, on the recommendation of the Audit Committee has approved the appointment and remuneration of an amount not exceeding Rs.30,000 (Rupees Thirty thousand only) plus taxes as applicable and reimbursement of out-of-pocket expenses for the financial year ending on 31st March, 2020 payable to the Cost Auditors M/s Kannaujiya & Co., Cost Accountants, having Firm Registration No.102990, to conduct the audit of the cost records of the Company for the aforesaid financial year.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors), Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors of the Company is required to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution for approval by the members.

ITEM NO. 6 OF THE NOTICE

The Board of Directors of the Company, at its meeting held on June 17, 2019, appointed Shri Vaibhav Jayantbhai Mehta (DIN: 08484567), as an Additional Director (Independent) of the Company pursuant to the provisions Section 161 and all other applicable provisions, if any of the Companies Act,

2013("Act"). to hold office upto ensuing Annual General Meeting. The Company has received a requisite notice in writing under the provisions of Section 160 of the Act, from one of member proposing his candidature for the office of an Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has received from Shri Vaibhav Jayantbhai Mehta:

- i). Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- ii). Intimation in Form DIR-8 in terms of Rule 14 of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and
- iii). A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Shri Vaibhav Jayantbhai Mehta is eligible for appointment on the Board of the Company as an Independent Director, not liable to retire by rotation, effective from October 1, 2019 to September 30, 2024, subject to the approval of the Members by a Special Resolution. Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors proposes the appointment of Shri Vaibhav Jayantbhai Mehta as an Independent Director of the Company.

Based on the performance evaluation of the Independent Directors and as per the recommendations of the Nomination and Remuneration Committee, given his background, experience and contribution, the Board is of the opinion that Shri Vaibhav Jayantbhai Mehta's association would be of immense benefit to the Company and it is therefore desirable to continue to avail his service as an Independent Director.

In terms of Regulation 25(8) of the Listing Regulations, Shri Vaibhav Jayantbhai Mehta has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his

ability to discharge his duties. Shri Vaibhav Jayantbhai Mehta has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated June 20, 2018, issued by BSE Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies.

In the opinion of the Board, Shri Vaibhav Jayantbhai Mehta fulfils the conditions specified in the Act and the Listing Regulations for re-appointment as an Independent Director and that he is independent of the Management.

Brief Profile of Shri Vaibhav Jayantbhai Mehta is annexed as Annexure:

Accordingly, the Board recommends the resolutions set out Sr. No. 6 of this Notice for the approval of the Members as an ordinary resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Vaibhav Jayantbhai Mehta, himself is in any way concerned or interested, financially or otherwise, in the resolution set out at Sr. No.6 of this Notice.

ITEM NO.7 OF THE NOTICE

Shri Nitin Raichand Shah was appointed as an Additional Director of the Company at the meeting of Board of Directors held on September 3, 2018 to hold office up to the date of the ensuing Annual General Meeting. The members at their Annual General Meeting held on 29 September, 2018 approved his appointment as a Managing Director of the Company liable to retire by rotation.

His brief resume is annexed as per Annexure.

Your directors recommend to change in designation of Shri Nitin R. Shah from Managing Director to Whole-time Director of the Company for a three years term commencing from October 1, 2019 with remuneration as mentioned in draft agreement approved by the Nomination and Remuneration Committee and the Board of Directors at their meeting held on August 16, 2019, subject to the approval of the Members.

Pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and rules made

thereunder, approval of members is required by way of Special Resolution for change in designation of Shri Nitin R. Shah, to Whole-time Director of the Company and payment of remuneration in capacity of managerial personal.

Newly inserted sub regulation 17 (6) (e) to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR") requires approval of shareholders by way of Special Resolution in following circumstances:

"the Payment of any fees or compensation to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by Special Resolution, if:

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher, OR
- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

Your Company has three executive directors belonging to promoter group viz. Shri Dhirajlal R. Shah, Shri Arvind R. Shah and Shri Nitin R. Shah who are proposed to be appointed on the terms and condition including remuneration of Rs. 4,50,000/- to each.

The Board accordingly recommends and seeks your approval to the resolution as set out at Sr.No.7 of this accompanying Notice by way of Special Resolution.

The draft agreement between the company and Shri Nitin R. Shah is available for inspection by the members of the company at registered office of the company between 11.00 A.M. to 1.00 P.M. on any working day of the company.

None of the Directors or Key Managerial Personnel of the Company except Shri Nitin R. Shah himself and Shri Jayantilal R. Shah, CFO, Shri Dhirajlal R. Shah and Shri Arvind R. Shah, Directors of the Company and their relatives are deemed to be concerned and interested financially or otherwise in the said resolution.

Shri Nitin R. Shah holds 17,17,256 equity shares constituting 9.61% of the total paid up share capital of the company.

ITEM NO. 8 OF THE NOTICE

The Board of Directors of the Company, at its meeting held on September 3, 2018, has appointed Shri ARVIND RAICHAND SHAH, as an Additional Director of the Company. The members at their Annual General Meeting held on 29 September, 2018 approved his appointment as a Director of the Company liable to retire by rotation.

Further, Shri ARVIND RAICHAND SHAH was a Whole-time Director in Fairdeal Filaments Ltd.(FFL), which is merged with the Company w.e.f. 01/06/2019. He is presently drawing remuneration in terms of agreement entered between Shri Arvind Raichand Shah, as a Whole-time Director and FFL pursuant to the scheme of amalgamation approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench, vide its order dated 10/05/2019.

His brief resume is annexed as per Annexure.

Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on August 16, 2019 has decided to appoint Shri Arvind R. Shah as a Managing Director of the Company for a three years term commencing from October 1, 2019 with remuneration as mentioned in draft agreement approved by the Nomination and Remuneration Committee and the Board, subject to the approval of the Members. The Directors are of the views that appointment of Shri Arvind R. Shah as a Managing Director will be beneficial for the smooth operations of the company.

Pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and rules made thereunder, approval of members is required by way of Special Resolution for appointment of Shri Arvind R. Shah, as a Managing Director of the Company.

Newly inserted sub regulation 17 (6) (e) to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR") requires approval of shareholders by way of Special Resolution in following circumstances:

"the Payment of any fees or compensation to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by Special Resolution, if:

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher, OR
- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

Your Company has three executive directors belonging to promoter group viz. Shri Dhirajlal R. Shah, Shri Arvind R. Shah and Shri Nitin R. Shah who are proposed to be appointed on the terms and condition including remuneration of Rs. 4,50,000/- to each.

The Board accordingly recommends the resolution set out at Sr. No.8 of this Notice for the approval of the Members as a special resolution.

The draft agreement between the company and Shri Arvind R. Shah is available for inspection by the members of the company at registered office of the company between 11.00 A.M. to 1.00 P.M. on any working day of the company.

None of the Directors or Key Managerial Personnel of the Company except Shri Arvind R. Shah himself and Shri Jayantilal R. Shah, CFO, Shri Dhirajlal R. Shah and Shri Nitin R. Shah, Directors of the Company and their relatives are deemed to be concerned and interested financially or otherwise in the said resolution.

Shri Arvind R. Shah holds 6,62,735 equity shares constituting 5.94% of the total paid up share capital of the company.

ITEM NO. 9 & 3 OF THE NOTICE

The Board of Directors of the Company ("Board"), at its meeting held on September 3, 2018, had appointed Shri DHIRAJLAL RAICHAND SHAH, as an Additional Director of

the Company. The members at their 10th Annual General Meeting held on 29 September, 2018 approved his appointment as a Director of the Company liable to retire by rotation.

Further, Shri DHIRAJLAL RAICHAND SHAH was a Managing Director in Fairdeal Filaments Ltd.(FFL), which is merged with the Company w.e.f. 01/06/2019. He is presently drawing remuneration in terms of agreement entered between Shri Dhirajlal Raichand Shah, as a Managing Director and FFL pursuant to the scheme of amalgamation approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench, vide its order dated 10/05/2019.

His brief resume is annexed as Annexure

Taking into consideration the industry scenario, performance and growth of Fairdeal Filaments Ltd., (merged with the company) under his management, his experience and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on August 16, 2019 has decided to appoint Shri Dhirajlal R. Shah as an Executive Chairman of the Company for a period of three years commencing from October 1, 2019 with remuneration as mentioned in draft agreement approved by the Nomination and Remuneration Committee and the Board, subject to the approval of the Members. The Directors are of the views that appointment of Shri Dhirajlal R. Shah as Executive Chairman will be beneficial for the smooth operations of the company.

Pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and rules made thereunder, approval of members is required by way of Special Resolution for appointment of Shri Dhirajlal R. Shah, as an Executive Chairman of the Company and payment of remuneration in capacity of managerial personal.

Newly inserted sub regulation 17 (6) (e) to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR") requires approval of shareholders by way of Special Resolution in following circumstances:

"the Payment of any fees or compensation to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by Special Resolution, if:

- (a) the annual remuneration payable to him exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher, OR
- (b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013.

Your Company has three executive directors belonging to promoter group viz. Shri Dhirajlal R. Shah, Shri Arvind R. Shah and Shri Nitin R. Shah who are proposed to be appointed on the terms and condition including remuneration of Rs.4,50,000/- to each.

The Board accordingly recommends the resolution set out at Sr.No.9 of this Notice for the approval of the Members as a special resolution.

The draft agreement between the company and Shri Dhirajlal R. Shah is available for inspection by the members of the company at registered office of the company between 11.00 A.M. to 1.00 P.M. on any working day of the company.

None of the Directors or Key Managerial Personnel of the Company except Shri Dhirajlal R. Shah himself and Shri Jayantilal R. Shah, CFO, Shri Nitin R. Shah and Shri Arvind R. Shah, Directors of the Company and their relatives are deemed to be concerned and interested financially or otherwise in the said resolution.

Shri Dhirajlal R. Shah holds 11,22,980 equity shares constituting 6.29% of the total paid up share capital of the company.

ADDITIONAL DISCLOSURES FOR ITEM NO.7, 8 & 9 OF THE NOTICE

Statement as required under Section II of Part II of Schedule V to the Companies Act, 2013:

I. General Information:

1.	Nature of Industry:	The Company is engaged in manufacturing and trading of synthetic textile yarn and fabrics, both for domestic and international markets.		
2.	Date or expected date of Commencement of commercial production	The company is already engaged in the business since its incorporation i.e. April, 2008		
3.	In case of new companies, expected date of commencement of activities	Not Applicable		
4.	Financial performance based on given indicators	Particulars	(Rs. In Lacs)	
			FY 2018-19	FY 2017-18
		Paid up Capital	1115.23	1115.23
		Reserves & Surplus	7864.21	7562.90
		Income from operations	53206.14	52985.17
		EBIDTA	3772.61	3682.29
		Profit before Tax	488.86	514.93
		Profit after Tax	372.99	264.11
		Effective Capital	15095.04	17153.09
5.	Foreign investments, if any	Particulars	FY 2018-19	FY 2017-18
			(No. of shares)	(No. of shares)
		Foreign Institutional Investors	-	-
		Non Resident Indians	439500	439500
		Foreign Nationals	-	-

II. Information about the appointee:

A. Shri Nitin Raichand Shah

(1) Background details

Mr. Nitin R. Shah is a commerce graduate aged about 57 years is having rich experience of more than 34 years in textile business. He is one of the Promoters of the company. Presently, he looks after technical and product development function in the Company. He manages team of qualified technical persons.

(2) Past remuneration

He has been associated with the company as "Managing Director" of the Company and presently drawing remuneration of Rs. 4,50,000/- p.m.

(3) Job Profile and his suitability

The Whole-time Director shall be responsible for the management of the whole of the affairs of the company and to do all acts and things, which in the ordinary course of business, he considers necessary or proper in the interest of the company. Considering the above and having regard

to age, qualifications, ability and experience and looking to the business requirement, the proposed remuneration is in the interest of the company.

(4) Remuneration Proposed

The Board of Directors of the company on the basis of recommendation of the Nomination and Remuneration Committee has proposed remuneration of Rs. 4,50,000 per month w.e.f. 01.10.2019 for a period of three years i.e. till 30.09.2022, subject to the approval of the Members.

(5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

Compared to the remuneration with respect to industry, size of the company and profile of the position and person, the Directors are of the view that the remuneration proposed is commensurate with his experience and ability.

(6) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel if any.

The Company has paid him remuneration, paid interest on unsecured loan and received from him sale proceeds of equity shares of Fairdeal Textile Park Pvt. Ltd. as disclosed in Note no. 25 to the Financial Statements. Except this, the company has no other transactions or pecuniary relationship with Shri Nitin R. Shah. He is a brother of Shri Jayantilal R. Shah, CFO as well as Shri Dhirajlal R. Shah, Director and Mr. Arvind R. Shah, Directors of the company.

B. Shri Arvind Raichand Shah

(1) Background details

Shri Arvind R. Shah is a science graduate aged about 61 years having rich experience of more than 34 years in textile business. He was Promoter-Director in the Fairdeal Filaments Ltd. (FFL is merged with the company) since inception. He is involved in product development, exploration of new business opportunities, and head of marketing function in the organization. He manages team of experienced marketing managers who are generally textile engineers & MBA in marketing.

(2) Past remuneration

He was drawing remuneration of Rs.4,00,000/- p.m. from 01/04/2018 to 30/09/2018 & Rs.4,50,000/- p.m. from 01/10/2018 to 31/03/2019 in Fairdeal Filaments Ltd. as Whole-time Director. (FFL is merged with the company)

(3) Job Profile and his suitability

The Managing Director shall be responsible for the management of the whole of the affairs of the company and to do all acts and things, which in the ordinary course of business, he considers necessary or proper in the interest of the company. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement, the proposed remuneration is in the interest of the company.

(4) Remuneration Proposed

The Board of Directors of the company on the basis of recommendation of the Nomination and Remuneration Committee has proposed remuneration of Rs. 4,50,000 per month w.e.f. 01.10.2019 for a period of three years i.e. till 30.09.2022, subject to the approval of the Members.

(5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

Compared to the remuneration with respect to industry, size of the company and profile of the position and person, the Directors are of the view that the remuneration proposed is commensurate with his experience and ability.

(6) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel if any.

The Company has paid him remuneration, paid interest on unsecured loan and received from him sale proceeds of equity shares of Fairdeal Textile Park Pvt. Ltd. as disclosed in Note no. 25 to the Financial Statements. Except this, the company has no other transactions or pecuniary relationship with Shri Arvind R. Shah. He is a brother of Shri Jayantilal R. Shah, CFO as well as Shri Dhirajlal R. Shah and Shri Nitin R. Shah, Directors of the Company.

C. Shri Dhirajlal Raichand Shah

(1) Background details

Mr. Dhirajlal R. Shah is a commerce graduate aged about 63 years is having rich experience of more than 34 years in textile business. He was Promoter-Director in the Fairdeal Filaments Ltd. (FFL is merged with the company) since inception. He is associated with various business

associations and has successfully represented various issues of the textile industry before government and other authorities from time to time.

(2) Past remuneration

He was drawing remuneration of Rs.4,00,000/- p.m. from 01/04/2018 to 30/09/2018 & Rs.4,50,000/- p.m. from 01/10/2018 to 31/03/2019 in Fairdeal Filaments Ltd. as Managing Director. (FFL is merged with the company).

(3) Recognition or awards

He has been awarded "Outstanding Business person" for the year 2013-14 by Southern Gujarat Chamber of Commerce and Industry, Surat.

(4) Job Profile and his suitability

The Executive Chairman shall be responsible for the management of the whole of the affairs of the company and to do all acts and things, which in the ordinary course of business, he considers necessary or proper in the interest of the company. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement, his proposed appointment as an Executive Chairman is in the interest of the company.

(5) Remuneration Proposed

The Board of Directors of the company on the basis of recommendation of the Nomination and Remuneration Committee has proposed remuneration of Rs. 4,50,000 per month w.e.f. 01.10.2019 for a period of three years i.e. till 30.09.2022, subject to the approval of the Members.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

Compared to the remuneration with respect to industry, size of the company and profile of the position and person, the Directors are of the view that the remuneration proposed is commensurate with his experience and ability.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel if any.

The Company has paid him remuneration, paid interest on

unsecured loan and received from him sale proceeds of equity shares of Fairdeal Textile Park Pvt. Ltd. as disclosed in Note no. 25 to the Financial Statements. Except this, the company has no other transactions or pecuniary relationship with Shri Dhirajlal R. Shah. He is a brother of Shri Jayantilal R. Shah, CFO as well as Shri Nitin R. Shah and Shri Arvind R. Shah, Directors of the Company.

III. Other information

(1) Reasons for loss or inadequate profits

The company being in the competitive and lesser margin segment of textile industry. Profitability also remains susceptible to inherent commodity price fluctuation incidental risk associated in business.

(2) Steps taken or proposed to be taken for improvement

The company proposes to improve its productivity and profitability through higher capacity utilization, better utilization of available resources and diversifying the product basket with higher margins. The company proposes to add capacities in certain high value adding product categories and further proposes cost reduction initiatives in all in all its manufacturing processes wherever possible without compromising with quality of products / operating standards.

(3) Expected increase in productivity and profits in measurable terms

The Company has projected increase in its turnover from Rs.53206.14 Lacs for the financial year 2018-19 to Rs. 53753.46 Lacs for financial year 2019-20.

Your Directors expect to achieve net profit after tax of Rs. 748.02 Lacs for financial year 2019-20 as compared to net profit of Rs.392.34 Lacs for financial year 2018-19. Though there is marginal growth estimated in the turnover as compared to the FY 2018-19, we estimated higher profit after tax is on account of change in sales mix. We propose to focus more on sale of higher contribution generating products and expect to achieve higher volume in those product categories and lesser volume in lower margin generating product categories due to which there will not be much rise in the overall turnover but profitability of the company will improve.

ITEM NO. 10 OF THE NOTICE

Shri Jayantilal Raichand Shah was associated with the Company in the capacity of Director virtually since April, 2008. Thereafter, Shri Jayantilal Raichand Shah was appointed as Chief Financial Officer of the Company w.e.f. 01/10/2018 at the meeting of the Board of Directors held on 3rd September, 2018. After appointment as CFO he resigned from directorship w.e.f. 20.10.2018. On resignation from directorship, Shri Jayantilal R. Shah, brother of Shri Arvind Raichand Shah, Shri Dhirajlal R. Shah and Shri Nitin R. Shah, Directors of the company, would be deemed to have been holding "office or place of profit" in the Company pursuant to section 188 of the Companies Act, 2013 and rules made thereunder, subject to approval of members of the Company. Accordingly, the members at their Extra-Ordinary General Meeting held on 16 November, 2018 approved his appointment as a Chief Financial Officer under office or place of profit pursuant to section 188 of the Companies Act, 2013.

Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on August 16, 2019 has decided to entrust more responsibilities with change in designation of Shri Jayantilal R. Shah from Chief Financial Officer to "Head – Accounts & Legal" of the Company under office or place of Profit with remuneration not exceeding Rs.4,50,000 p.m. (excluding reimbursement of expenses, if

any) including monthly basic salary, other allowances, benefits, amenities and facilities with effect from 1st October, 2019, approved by the Nomination and Remuneration Committee and the Board, subject to the approval of the Members.

The Board of Directors accordingly recommend and seek your approval to the resolution set out at Sr. No. 10 of the accompanying notice by way of a Special resolution.

Shri Jayantilal R. Shah himself and Shri Dhirajlal R. Shah, Shri Nitin R. Shah and Shri Arvind R. Shah, Directors of the Company and their relatives shall be deemed to be concerned and interested financially or otherwise in the said resolution.

No other Directors or Key Managerial Personnel of the Company or their relatives shall be deemed to be concerned or interested in the aforesaid resolution.

By Order of Board of Directors of
Shahlon Silk Industries Limited

Place : Surat
Date : 16.08.2019

Hitesh K. Garmora
Company Secretary

ANNEXURE

Name of Director	Mr. VAIBHAV JAYANTBHAI MEHTA	Mr. NITIN RAICHAND SHAH	Mr. ARVIND RAICHAND SHAH	Mr. DHIRAJLAL RAICHAND SHAH
Date of Birth	20/08/1976	13/01/1961	28/07/1958	18/02/1955
Date of Appointment	June 17, 2019	September 03, 2018	September 03, 2018	September 03, 2018
Expertise in specific functional areas	Rich Experience of 24 years in Textile Industry. He possesses sound technical knowledge in the area of weaving yarn sourcing and fabric developments	Vast experience of 34 years in textile business.	Vast experience of around 34 years in the textile business.	Rich Experience of more than 34 years in textile business.
Qualification	Textile Technology Engineer	Commerce Graduate	Science Graduate	Commerce Graduate
Shareholding in the Company as on June 30, 2019	NIL	17,17,256 (9.61%) Equity shares of Rs.10/- each	7,07,180 (3.96%) Equity shares of Rs.10/-each	11,22,980 (6.29%) Equity shares of Rs. 10/-each.
Directorship held in other companies (excluding foreign companies)	NIL	<ol style="list-style-type: none"> 1. Fairdeal Textile Park Private Limited 2. Autotech Non-Wovens Private Limited 3. Shahlon Envirocare Private Limited 	NIL	<ol style="list-style-type: none"> 1. Fairdeal Textile Park Private Limited 2. Sayan Textile Park Ltd 3. Fairdeal Eco Infra Private Limited 4. Shahlon Envirocare Private Limited 5. The Synthetic And Rayon Textiles Export Promotion Council 6. Surat Mega Textile Processing Park Association

Membership / Chairmanship of Committees of other public companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL	NIL	NIL	NIL
Disclosure of Relationships between Director inter-se	NIL	Brother of Shri Dhirajlal R. Shah and Arvind R. Shah, Directors of the Company	Brother of Shri Dhirajlal R. Shah and Nitin R. Shah, Directors of the Company	Brother of Shri Nitin R. Shah, and Shri Arvind R. Shah, Directors of the Company
Number of Meetings of Board attended during the year	NOT APPLICABLE	attended Eight (8) Board Meetings out of Eight (8) Board Meetings held during his tenure as Director.	attended Eight (8) Board Meetings out of Eight (8) Board Meetings held during his tenure as Director.	attended Eight (8) Board Meetings out of Eight (8) Board Meetings held during his tenure as Director.

Directors' Report

Your Directors are pleased to present 11th Annual Report along with the audited financial statements for the Financial Year ended March 31, 2019 Financial Result.

(R in Lakhs)

Particulars	2018-19	2017-18
Total Revenue	53206.14	52985.17
Profit before interest and depreciation	3772.61	3682.29
Less : Interest	1830.53	1692.13
Depreciation	1453.22	1475.23
Profit before Tax	488.86	514.93
Less : Provision for Current Taxation	112.12	141.56
Provision for Deferred Taxation	(1.80)	103.25
Profit after Tax adjustment	378.55	270.12
Excess/(Short) provision for taxation in earlier year	5.56	6.00
Net Profit	372.99	264.11
Add : Balance brought forward from previous year	1568.18	1720.57
Depreciation on Fixed Assets Revaluation	33.81	-
Less : Amount Capitalized on issue of Bonus shares	-	416.50
Amount available for Appropriation	1974.98	1568.18
Less : Dividend paid during the year	75.63	-
Tax on Dividend	15.40	-
Balance Carried to Balance Sheet	1883.96	1568.18

OPERATIONAL PERFORMANCE

Your Company has achieved turnover of Rs.53206.14 lacs during the year under review as compared to Rs.52985.17 lacs for the previous year marginal higher by 0.42% compared to previous year.

Earnings before Interest, Depreciation and Tax (EBIDTA), during the year under review are Rs.3,772.61 lacs as compared to Rs.3,682.29 lacs for the previous year. Profit before tax for the financial year under review is Rs.488.86 lacs decreased from Rs.514.93 lacs for the previous year. Your Company has earned a Net Profit after tax of Rs.372.99 lacs increase by 41.23% from Rs.264.11 lacs of previous year.

INDIAN ACCOUNTING STANDARD

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2019 has been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and

substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2019.

DIVIDEND

The Board of Directors has recommended a dividend of Rs.0.50/- (i.e.5%) per equity share of Rs.10/- each on the Paid-up Equity Share Capital of company amounting to Rs.107.48 lacs (inclusive of tax on dividend of Rs.18.18 lacs). The dividend payment is subject to approval of members at the ensuing Annual General Meeting.

SHARE CAPITAL

Fairdeal Filaments Limited (Transferor Company) merged with the Company pursuant to the order of The National Company Law Tribunal dated 10/05/2019.

The authorized capital of Rs.20,00,00,000/- divided into 2,00,00,000 equity shares of Rs.10/- each of Fairdeal Filaments Limited merged with the Authorised Share Capital of the Company of Rs.12,00,00,000/- divided into 1,20,00,000 equity shares of Rs.10/- each pursuant to the Scheme of Merger w.e.f. 01/06/2019. Appointed date of the Scheme is 01/04/2018.

In current FY 2019-20, the Company has allotted 67,24,240 fully paid equity shares of Rs.10/- each to the shareholders of Fairdeal Filaments Limited on 17/06/2019 and 16,000 Shares of Rs.10/- each held by Fairdeal Filaments Limited in the Company are cancelled.

DEPOSITS

Your Company has neither accepted nor renewed any deposit within the meaning of the Companies (Acceptance of Deposits) Rules, 2014.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Hitesh Kantilal Garmora was appointed as a Company Secretary of the Company w.e.f. April 1, 2018 by the Board of Directors at their meeting held on 30.03.2018, pursuant to Section 203 of the Companies Act, 2013.

Shri Jayantilal Raichand Shah was appointed as a Chief Financial Officer of the Company w.e.f. October 1, 2018 by the Board of Directors, pursuant to Section 203 of the Companies Act, 2013.

Shri Mahendra Raichand Shah, Shri Dipan Jayantilal Shah and Shri Jayantilal Raichand Shah, directors of the Company, resigned from the post of directorships w.e.f. October 20, 2018.

Pursuant to the provisions of section 152 of the Companies Act, 2013 and in accordance with provisions of Articles of Association of the Company, Shri Dhirajlal R. Shah (DIN 00010480), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

Shri Vaibhav Jayantbhai Mehta appointed as an Additional (Independent) Director of the Company with effect from June 17, 2019 to hold office up to the date of ensuing Annual General Meeting. The Company has received requisite

notice, as provided under section 160 of the Companies Act, 2013, from the shareholder proposing the appointment of Shri Vaibhav Jayantbhai Mehta as an Independent director not liable to retire by rotation.

Shri Nitin R. Shah, appointed as Managing Director at the 10th Annual General Meeting held on September 29, 2018. The Board recommends for change in designation of Shri Nitin R. Shah from Managing Director to Whole Time Director of the Company for a three years term commencing from October 1, 2019 till September 30, 2022, at the ensuing General Meeting of the Company.

The Board further recommends for appointment of Shri Arvind Raichand Shah as a Managing Director of the Company for a period of 3 years at the ensuing General Meeting of the Company.

The Board further recommends for appointment of Shri Dhirajlal R. Shah as an Executive Chairman of the Company for a period of 3 years at the ensuing General Meeting of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations.

NUMBER OF MEETINGS HELD

During the financial year 2018-19, the Board of Directors met Twelve (12) times on:

- | | | |
|-----------------|--------------------|-----------------|
| 1) 01/06/2018, | 2) 16/07/2018, | 3) 22/08/2018, |
| 4) 03/09/2018, | 5) 01/10/2018, | 6) 20/10/2018, |
| 7) 23/11/2018, | 8) 18/12/2018, | 9) 28/12/2018, |
| 10) 18/01/2019, | 11) 01/02/2019 and | 12) 15/02/2019. |

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Attendance of Directors at Board Meetings and Annual General Meeting:

S. No.	Name of the director	Status	Number of Board Meetings entitled to attend	Number of Meetings attended	Attendance at the AGM-29/09/2018
1.	Nitin Raichand Shah	Managing Director/PD/ED	8	8	Attended
2.	Dhirajlal Raichand Shah	Director/PD/NED	8	8	Attended
3.	Arvind Raichand Shah	Director/PD/NED	8	8	Attended
4.	Rajendra Kundanlal Desai	ID	8	8	Not Attended
5.	Richa Manoj Goyal	ID	8	5	Not Attended
6.	Jayantilal Raichand Shah	Presently CFO Resigned from Directorship w.e.f. 20/10/2018	6	6	Attended
7.	Mahendra Raichand Shah	Resigned from Directorship w.e.f. 20/10/2018	6	6	Attended
8.	Dipan Jayantilal Shah	Resigned from Directorship w.e.f. 20/10/2018	6	6	Attended

PD-Promoter Director; NED – Non-Executive Director; ID – Independent Non-Executive Director; ED – Executive Director

During the financial year 2018-19, the Audit Committee met Two (2) times on:

1) 20/10/2018 and 2) 15/02/2019.

S. No.	Members of Audit Committee	Status	Number of Committee Meetings held	Number of Meetings attended
1.	Rajendra Kundanlal Desai	Chairman	2	2
2.	Richa Manoj Goyal	Member	2	1
3.	Dhirajlal Raichand Shah	Member	2	2

One Nomination and Remuneration Committee meeting was held on 20/10/2018 during the financial year under review.

S. No.	Members of Nomination and Remuneration Committee	Status	Number of Committee Meetings held	Number of Meetings attended
1.	Rajendra Kundanlal Desai	Chairman	1	1
2.	Richa Manoj Goyal	Member	1	1
3.	Dhirajlal Raichand Shah	Member	1	1

During the financial year 2018-19, the Stakeholders Relationship Committee met one (1) time on 15/02/2019:

S. No.	Members of Stakeholders Relationship Committee	Status	Number of Committee Meetings held	Number of Meetings attended
1.	Rajendra Kundanlal Desai	Chairman	1	1
2.	Dhirajlal Raichand Shah	Member	1	1
3.	Arvind Raichand Shah	Member	1	1

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

Your Company does not have any Subsidiary, Joint Venture/ Company or Associate Company.

NOMINATION AND REMUNERATION POLICY:

Policy for selection and appointment of Directors and their remuneration:

The Nomination and Remuneration (N&R) Committee has adopted a Policy which, inter alia, deals with the appointment and remuneration of the director, key managerial personnel (KMP) and other employees are as under:

The key objectives of the Policy are to lay down the criteria for appointment and remuneration of Directors, Key Managerial Personnel and Executives at Senior Management level and recommend to the Board their appointment, and also to formulate criteria for evaluation of performance of Independent Directors and the Board and to devise a policy on Board diversity.

i. Appointment criteria and qualification: The Committee shall identify and ascertain the integrity, qualification, positive attributes, independence of a director, expertise and experience of the person for appointment as Director, Key Managerial Personnel and Executives at Senior Management level in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.

A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

The Company shall not appoint or continue the employment of any person as Managing or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

ii. Remuneration Policy: The Company has a standard remuneration policy for the Executive and Non-Executive Directors, which is periodically reviewed by the Nomination and Remuneration Committee. The broad idea for the policy is as under.

- The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / Shareholders.
- An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the SEBI (LODR) Regulations, 2015, as amended from time to time
- Non-Executive Directors shall be paid a sitting fee for Board Meeting and Committee Meetings fixed by the Board of Directors from time to time.
- The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole Time Director will be determined by the Committee and recommended to the Board for approval. Subject to the approval of the shareholders of the Company and Central

Government, wherever required and shall be as per agreement as may be executed in accordance with the provisions of the Act and Rules made thereunder.

- The Nomination and Remuneration Policy is available on the company's website.

The committee presently consists of three Directors. The Company Secretary acts as the Secretary of the Nomination and Remuneration Committee. Composition of the Nomination and Remuneration Committee is as under:

Name of Directors	Category	Position
Rajendra Kundanlal Desai	Non-Promoter/Independent/Non-Executive Director	Chairman
Richa Manoj Goyal	Non-Promoter/Independent/Non-Executive Director	Member
Dhirajlal Raichand Shah	Promoter/Non-Executive Director	Member

DETAILS OF REMUNERATION TO ALL THE DIRECTORS:

No sitting fees are paid to Executive Directors. The remuneration policy of the company is directed towards rewarding performance. The Company has no stock option scheme. Further no commission is paid to any of the Directors.

The details of remuneration paid to the Managing Director, Whole-time Director including sitting fees paid to Non-Executive Directors of the Company are given in Form MGT-9 forming part of this report.

Shareholding of non-executive directors:

Name of Non-Executive Director	No. of shares held as on March 31, 2019	% share holding
Dhirajlal R. Shah	9,78,535	8.77
Arvind R. Shah	6,62,735	5.94
Rajendra K. Desai	NIL	NIL
Richa Manoj Goyal	NIL	NIL

PARTICULARS OF EMPLOYEES

The Disclosure required under Section 197(12) of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as 'Annexure - 1' and forms an integral part of this Report.

A statement comprising the names of top 10 employees in terms of remuneration drawn in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as 'Annexure - 2' and forms an integral part of this report. The above Annexure is not being sent along with this annual report to the members of the company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also

available for inspection by Members at the Registered Office of the Company, 21 days before and up to the date of the ensuing Annual General Meeting during the business hours on working days.

There were no employees whose remuneration was in excess of the limits in pursuance of section 197(12) of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the particulars relating to conservation of energy, Technology Absorption and foreign exchange earnings and outgo is appended as an 'Annexure-3' to the Board's Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge, belief and according to the information and explanations obtained, your Directors make the following statements in terms of Section 134(3) (c) & 134 (5) of the Companies Act, 2013:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis; and
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- F) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Bhairav H. Shukla, Practicing Company Secretary, (CP: 5820) Surat, has been appointed as the Secretarial Auditors to conduct the Secretarial Audit of the Company, the Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith as 'Annexure- 4'. The report is self-explanatory and does not call for any further explanation / comments as required under Section 134(3)(f) of the Companies Act, 2013.

The Company has complied with the applicable Secretarial Standards issued by the institute of Company Secretaries of India.

STATUTORY AUDITORS AND AUDITOR'S REPORT

M/s. RASESH SHAH & ASSOCIATES, Chartered Accountants (Firm Registration No. 108671W) were appointed as the Statutory Auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting held on September 30, 2014. As such, M/s. RASESH SHAH & ASSOCIATES terms expired at the conclusion of 11th Annual General Meeting to be held on September 30, 2019.

It is proposed to re-appoint M/s. RASESH SHAH & ASSOCIATES, Chartered Accountants as the Statutory Auditors of the Company, for a further term of 5 (five) consecutive years, at the ensuing Annual General Meeting to be held on September 30, 2019. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

No fraud has been reported by the Auditors to the Audit Committee or the Board.

COST AUDITORS

The Board of Directors on the recommendation of Audit Committee, approved the appointment of M/s. Kannaujiya & Co., Cost Accountants, Surat, as the Cost Auditors of the company for the year 2019-20 at a remuneration of Rs.30,000/- plus taxes as applicable and out of pocket expenses. The remuneration of the Cost Auditors is proposed to be ratified by the members at the ensuing Annual General Meeting.

The company has made and maintained books of account and records pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013.

The Cost Audit Report for the year ended on 31st March 2019 will be submitted by M/s. Kannaujiya & Co., Cost Accountants, Surat to the Board of Directors of the company. After consideration and examination by the Board of Directors, the company will furnish cost audit report to Central Government in prescribed form.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Employee relations throughout the year were harmonious. Your company treats its human resources as its important asset contributing to the all-round growth of your company. Industrial relations have continued to be cordial at all levels of the organization during the year under review.

INTERNAL FINANCIAL CONTROLS SYSTEMS AND THEIR ADEQUACY:

Your company is conscious about the need to line up modern management practices. The company has been successfully running RAMCO ERP software since long back. The company has implemented BI tools to add further values and to make the information flow more dynamic to top and mid management levels. The company has an internal control system commensurate with its size and nature of its business which covers areas such as optimum utilization of resources, accurate and prompt recording of transactions, safeguarding of assets, adherence to

applicable accounting standards and policies, review of IT and other systems, compliance with prevalent statutes, management policies and procedures. These are aimed at giving the Audit Committee a reasonable assurance on the reliability of financial reporting and statutory & regulatory compliances, effectiveness and efficiency of your Company's operations. The Internal Financial Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

Statutory Auditors of the company has conducted audit of internal financial control system over financial reporting and operating effectiveness of such controls. Separate audit report on internal financial control is annexed to Auditors Report and forming part of this report.

AUDIT COMMITTEE

Audit Committee presently consists of three Directors. The composition of Audit Committee is as follows.

Name of Directors	Category	Position
Rajendra Kundanlal Desai	Non-Promoter/Independent/Non-Executive Director	Chairman
Richa Manoj Goyal	Non-Promoter/Independent/Non-Executive Director	Member
Dhirajlal Raichand Shah	Promoter/Non-Executive Director	Member

There are no instances where the Board has not accepted any recommendation of the Audit Committee.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

In pursuance of the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company.

into Strategic risk, Operating risk and Regulatory risk. Managing Director and other Director of the Company in consultation with Audit Committee will review from time to time the risk and suggest steps to be taken to control and mitigate the same through a properly defined framework. It may be noted that none of the identified risks is of a nature which would threaten the existence of the Company. We consistently and periodically review our systems and policies in order to establish sound risk management and internal control systems.

BUSINESS RISK MANAGEMENT

The Company has laid down a Risk Management Policy and identified threat of such events which if occur may adversely affect either or value to shareholders, ability of Company to achieve objectives, ability to implement business strategies. Such inherent risks are categorized

EXTRACT OF ANNUAL RETURN:

Extract of the Annual Return of the company is annexed herewith as 'Annexure 5' pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

During the year under review, the company has not advanced any loans, given any guarantees or provided any security or made any investments covered under the provisions of section 185 and 186 of the Companies Act, 2013. The company has complied with the provisions of the Companies Act, 2013 with respect to Investments made, guarantee given and security provided in previous year. Necessary disclosure has been made in the notes to the financials statements.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions that were entered into during the financial year were in the ordinary course of business and were on arm's length basis. All related party transactions for the year are placed before the Audit Committee as well as before the Board for approval. The transactions entered into with related parties are reviewed on a quarterly basis by the Audit Committee. There were no materially significant related party transactions which could have potential conflict with interest of the company at large.

Members may refer to Note no.25 to the Financial Statements which sets out related party disclosures pursuant to Ind AS.

EVALUATION OF THE BOARD'S PERFORMANCE

The Company has devised a Policy for performance evaluation of the Board, Committees and other individual Directors (including Independent Directors) which include criteria for performance evaluation of Non-executive Directors and Executive Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution

at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

Hon'ble National Company Law Tribunal, Ahmedabad Bench (NCLT) vide its order dated 10th May, 2019 has approved the Scheme of Amalgamation of Fairdeal Filaments Limited ("FFL" or "Transferor Company") with Shahlon Silk Industries Limited ("SSIL" or "Transferee Company") and their respective Shareholders and Creditors under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013. Except above, there are no other significant and material orders passed by the Regulators or Courts or tribunals which would impact the going concern status of the Company and its future operations.

MATERIAL CHANGES AFFECTING THE COMPANY

The Scheme of Amalgamation of Fairdeal Filaments Limited ("FFL" or "Transferor Company") with Shahlon Silk Industries Limited ("SSIL" or "Transferee Company") and their respective Shareholders and Creditors under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013 has been sanctioned by the National Company Law Tribunal, Ahmedabad Bench (NCLT) vide its order dated 10th May, 2019. The appointed date of the scheme is April 1, 2018 and effective date of amalgamation is June 1, 2019.

Except above, there have been no other material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at work place and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The company has also complied with provisions relating to the constitution of Internal Complaints Committee under the said Act.

During the year under review, the company has not received any complaints on sexual harassment and hence no complaints remain pending as of 31 March, 2019.

TRANSFER TO RESERVES

During the year under review, the Company has not transferred any amount to Reserves.

CORPORATE GOVERNANCE:

The Company is under process of listing and hence, the Listing Regulations are yet not applicable to the Company.

Hence, Corporate Governance Report does not form the part of Annual Report.

Acknowledgment

Your Directors express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institutions, Government Authorities, Customers, Suppliers and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for committed services of employees of the Company at all the levels.

For and on behalf of the Board of Directors

Place : Surat
Date : 16.08.2019

Dhirajlal. R. Shah
Chairman

ANNEXURE - 1

Disclosure in the Board's Report under Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2018-19	Director's Name	Ratio to median remuneration
	1	Mr.Dhirajlal R. Shah	41 : 1
	2	Mr.Arvind R. Shah	41 : 1
	3	Mr. Nitin R. Shah*	22 : 1
(ii)	The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2018-19 compared to 2017-18	Director's/CFO/CEO/CS/ Manager name	% increase in remuneration
	1	Mr.Dhirajlal R. Shah	21.43%
	2	Mr. Arvind R. Shah	21.43%
	3	Mr. Jayantilal R. Shah	0%
	4	Mr. Nitn R. Shah	Not comparable with previous year.
	5	Mr. Hitesh K. Garmora	Since appointed in current year.
(iii)	Percentage increase in the median remuneration of employees in the financial year 2018-19 compared to 2017-18	9.54%	
(iv)	Number of permanent employees on the rolls of the company	As on 31.03.2019	As on 31.03.2018
		2145	2344
(v)	Average percentile increase in salaries of Employees other than managerial personnel	During 2018-19	
		6%	
		Justification for increase in managerial remuneration with reasons	Compared to the remuneration with respect to industry, size of the company and profile of the position and persons, the remuneration paid to managerial personnel is commensurate with their experience and ability.
(vi)	Key parameter for any variable component of remuneration availed by the Directors	Not applicable	

- Note: 1. The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.
 2. * Appointed as Managing Director in current year w.e.f. 01.10.2018.

ANNEXURE - 2

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014.

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy;
- Maintaining power factor and accordingly obtained rebate from DGVCL of Rs.11,29,958/- during the year.
 - Replaced following at our plants which give same amount of light
 - o 6.02Kw conventional 215 Nos. LED tube lights with latest technology LED lighting system of 2.795Kw LED tube light.
 - o 8.7Kw conventional 311 Nos. LED tube lights with latest technology LED lighting system of 4.043Kw LED tube light.
 - o 0.5Kw conventional 2 Nos. Street light with latest technology LED lighting system of 0.14Kw 2 Nos. Street light
 - o 0.5Kw conventional 2 Nos. Street light with latest technology LED lighting system of 0.028Kw 2 Nos. Street light
 - Fixed the standard cost of power consumption for each and every machine of different qualities, if it is deviated from standard; we find out the root cause of it and make it proper.

- (ii) the steps taken by the company for utilising alternate sources of energy;

- The Company is exploring potential of using alternate source of energy, which may be considered for implementation in future. The company has installed in past two 0.6MW, one 1.2MW and one 2.1MW windmills for captive generation of power.

- (iii) the capital investment on energy conservation equipments; - NIL

(B) Technology absorption-

- (i) The efforts made towards technology absorption and
- (ii) the benefits derived

Your company is keeping a close eye on the new product development and upgradation of technology in existing products. Upgradation in various areas of plant and machinery is continuously carried out. The company has adopted standard cost for each product quality and comparing it with actual cost from time to time. If there is any major deviation, then proper and prompt remedial action is taken to improve it. These developments will result in improvement in the quality of the product and yield resulting in superior cost competitiveness.

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) the details of technology imported:	(b) the year of import:
<ul style="list-style-type: none"> ■ <u>2 RAPIER LOOMS</u> ■ <u>29 AIR JET LOOMS</u> 	2017-18
<ul style="list-style-type: none"> ■ <u>DRAW WAPER M/C</u> ■ <u>1 SPLIT WARPING MACHINE</u> 	2016-17

The imported technology has been fully absorbed.

(iv) the expenditure incurred on Research and Development. – NIL.

(C) Foreign exchange earnings and Outgo:

Total Foreign Exchange used and earned

Particulars	2018-19	2017-18
I) Foreign Exchange Earnings	7165.42	6010.24
II) Foreign Exchange Outgo:		
a) Raw Materials	230.76	259.94
b) Capital Goods	8.70	125.57
c) Consumables Stores	23.28	148.92
d) Foreign Travelling Expenses	13.18	9.07
e) Export Commission	67.08	75.56
f) Exhibition Expenses	9.32	5.05

ANNEXURE - 4

FORM No. MR - 3
SECRETARIAL AUDIT REPORT

For The Financial Year Ended on 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

To,

The Members,

SHAHLON SILK INDUSTRIES LIMITED

(CIN - U17120GJ2008PLC053464)

91, G.I.D.C., Khatodara, B/H.: Sub-Jail,

Ring Road Surat-395002, Gujarat, India

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SHAHLON SILK INDUSTRIES LIMITED (hereinafter called the "company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there-under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under; (This clause is not applicable to the company)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (This clause is not applicable to the company)
- (vi) Other laws specifically applicable to the Company namely –
 1. Factories Act, 1948
 2. The Environment (Protection) Act, 1986
 3. Air (Prevention and Control of Pollution) Act, 1981
 4. Water (Prevention and Control of Pollution) Act, 1974
 5. Foreign Trade Regulation Act, 1992

I have also examined compliances with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the year under review, the company has complied with the provisions of the Acts, rules, regulations and guidelines, standards mentioned above.

I further report that-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. The Board Meetings which were called at shorter notice to transact urgent business on fulfilling conditions as prescribed under section 173 (3) of the Companies Act, 2013 and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the Minutes of the meetings of the Board of Directors & the committee thereof duly recorded and signed by the Chairman the decision of the Board or Committee was unanimous and there were no dissenting views on any matter.

I further report that based on review of compliance mechanism established by company and on the basis of representation made / certificate issued by the Company

and its officers, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

I further report that during the audit period specific events / actions having a major bearing on the Company's affairs are as under-

1. The company was converted from Private Limited to Public Limited. Necessary permission of shareholders by Special Resolution was obtained at the General Meeting of shareholders held on 25.07.2018. The Registrar of Companies, Gujarat has issued a Certificate of Conversion on 10.08.2018.
2. The has filed a application / petition u/s 230-232 of the Companies Act, 2013 for merger of Fairdeal Filaments Limited, a listed company incorporated under the Companies Act, 1956 (Transferor Company) with the Shahlon Silk Industries Limited (Transferee Company). The Hon'ble National Company Law Tribunal, Ahmedabad Bench has sanctioned the Scheme of Merger vide their Order dated 10th May, 2019.

Place: Surat
Date: 1st August, 2019

Bhairav H Shukla
Practising Company Secretary
FCS -6212
COP No.- 5820

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part of this report.

ANNEXURE - A

To,

The Members,

SHAHLON SILK INDUSTRIES LIMITED

(CIN - U17120GJ2008PLC053464)

91, G.I.D.C., Khatodara, B/H.: Sub-Jail,

Ring Road, Surat-395002, Gujarat, India

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Surat

Date: 1st August, 2019

Bhairav H Shukla
Practising Company Secretary
FCS -6212
COP No.- 5820

ANNEXURE - 5

TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2019

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
 as on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
 (Management & Administration) Rules, 2014.

I REGISTRATION AND OTHER DETAILS :

i.	CIN	U17120GJ2008PLC053464
ii.	Registration Date	2nd April, 2008
iii.	Name of the Company	SHAHLON SILK INDUSTRIES LIMITED
iv.	Category/Sub-Category of the Company	COMPANY LIMITED BY SHARE CAPITAL
v.	Address of the Registered office and contact details	91, G.I.D.C., KHATODARA, B/H. : SUB-JAIL, RING ROAD, SURAT-395002, GUJARAT, INDIA. E-mail id : info@shahlon.com Telephone No. : 0261-4190200
vi.	Whether listed company	NO - UNDER PROCESS OF LISTING
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any.	Bigshare Services Pvt. Ltd. A/802, Samudra Complex, Near Klassic Gold, Girish cold drink, C. G. Road, Ahmedabad-380009, Gujarat, Phone-079-40392571

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sr. No.	Main Activity Group Code	NIC Code	% to total turnover of the company
1	Manufacturing of Synthetic Textile Yarn and Grey Fabrics	131	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
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NIL

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	10294250	10294250	92.31	0	10294250	10294250	92.31	0
b) Central Govt.or State Govt.	0	0	0	0.00	0	0	0	0.00	0
c) Bodies Corporates	0	16000	16000	0.14	0	16000	16000	0.14	0
d) Bank/Fl	0	0	0	0.00	0	0	0	0.00	0
e) Any other	0	402500	402500	3.61	0	402500	402500	3.61	0
SUB TOTAL : (A) (1)	0	10712750	10712750	96.06	0	10712750	10712750	96.06	0
(2) Foreign									
a) NRI- Individuals	0	439500	439500	3.94	0	439500	439500	3.94	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	439500	439500	3.94	0	439500	439500	3.94	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	11152250	11152250	100.00	0	11152250	11152250	100.00	0
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/Fl	0	0	0	0	0	0	0	0	0
c) Cenntal govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1) :	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian (NON-PROMOTER HOLDING OF BODY CORPORATE)	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	0	0	0	0	0	0	0	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(2) :	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B) = (B) (1)+(B) (2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	11152250	11152250	100	0	11152250	11152250	100	0.00

(ii) SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	PRAVINCHANDRA RAYCHAND CHHEDA	2,95,000	2.65	0	2,95,000	2.65	0	0.00
2	JAYANTILAL RAICHAND SHAH KARTA OF RAICHAND K. SHAH HUF	3,24,000	2.91	0	3,24,000	2.91	0	0.00
3	JAYANTILAL RAICHAND SHAH KARTA OF JAYANTILAL R. SHAH HUF	2,75,250	2.47	0	2,75,250	2.47	0	0.00
4	PRAVINCHANDRA RAYCHAND CHHEDA KARTA OF PRAVIN R. SHAH HUF	1,75,000	1.57	0	1,75,000	1.57	0	0.00
5	DHIRAJLAL RAICHAND SHAH KARTA OF DHIRAJLAL R. SHAH HUF	1,72,750	1.55	0	1,72,750	1.55	0	0.00
6	MAHENDRA RAICHAND SHAH KARTA OF MAHENDRA R. SHAH HUF	2,90,250	2.60	0	2,90,250	2.60	0	0.00
7	ARVIND RAICHAND SHAH KARTA OF ARVIND R. SHAH HUF	2,10,250	1.89	0	2,10,250	1.89	0	0.00
8	NITIN RAICHAND SHAH KARTA OF NITIN R. SHAH HUF	1,95,250	1.75	0	1,95,250	1.75	0	0.00
9	DIPAN JAYANTILAL SHAH KARTA OF DIPAN J. SHAH HUF	1,35,250	1.21	0	1,35,250	1.21	0	0.00
10	DHIRAJLAL R. SHAH NOMINEE OF LOTUS MARKETING	4,02,500	3.61	0	4,02,500	3.61	0	0.00
11	ARVIND RAICHAND SHAH J/W. AVANI ARVIND SHAH	6,62,735	5.94	0	6,62,735	5.94	0	0.00
12	MAHENDRA RAICHAND SHAH J/W. MEENA MAHENDRA SHAH	11,24,475	10.08	0	11,24,475	10.08	0	0.00
13	JAYANTILAL RAICHAND SHAH J/W. DAMYANTI JAYANTILAL SHAH	11,99,750	10.76	0	11,99,750	10.76	0	0.00
14	NITIN RAICHAND SHAH J/W. MINAXI NITIN SHAH	15,61,700	14.00	0	15,61,700	14.00	0	0.00
15	DIPAN JAYANTILAL SHAH J/W. SONAL DIPAN SHAH	9,06,810	8.13	0	9,06,810	8.13	0	0.00
16	DHIRAJLAL RAICHAND SHAH J/W. KANCHAN DHIRAJLAL SHAH	9,78,535	8.77	0	9,78,535	8.77	0	0.00

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
17	KANCHAN DHIRAJLAL SHAH J/W DHIRAJLAL RAICHAND SHAH	1,40,750	1.26	0	1,40,750	1.26	0	0.00
18	HARSH MAHENDRA SHAH J/W MAHENDRA RAICHAND SHAH	2,09,125	1.88	0	2,09,125	1.88	0	0.00
19	DAMYANTI JAYANTILAL SHAH J/W JAYANTILAL RAICHAND SHAH	1,05,750	0.95	0	1,05,750	0.95	0	0.00
20	MEENA MAHENDRA SHAH J/W MAHENDRA RAICHAND SHAH	1,68,500	1.51	0	1,68,500	1.51	0	0.00
21	AVANI ARVIND SHAH J/W ARVIND RAICHAND SHAH	3,21,250	2.88	0	3,21,250	2.88	0	0.00
22	SONAL DIPAN SHAH J/W DIPAN JAYANTILAL SHAH	1,31,625	1.18	0	1,31,625	1.18	0	0.00
23	DHRUV ARVIND SHAH J/W ARVIND RAICHAND SHAH	2,40,495	2.16	0	2,40,495	2.16	0	0.00
24	JENIL DIPAN SHAH J/W DIPAN JAYANTILAL SHAH	2,125	0.02	0	2,125	0.02	0	0.00
25	RAVI MAHENDRA SHAH J/W MAHENDRA RAICHAND SHAH	99,625	0.89	0	99,625	0.89	0	0.00
26	BIREN JAYANTILAL CHHEDA J/W. SMITA BIREN CHHEDA	2,55,000	2.29	0	2,55,000	2.29	0	0.00
27	BIREN JAYANTILAL CHHEDA KARTA OF BIREN JAYNTILAL SHAH- HUF	2,10,000	1.88	0	2,10,000	1.88	0	0.00
28	MINAXI NITIN SHAH J/W NITIN RAICHAND SHAH	1,58,000	1.42	0	1,58,000	1.42	0	0.00
29	SMITA BIREN CHHEDA J/W. BIREN JAYANTILAL CHHEDA	1,84,500	1.65	0	1,84,500	1.65	0	0.00
30	FAIRDEAL FILAMENTS LTD.	16,000	0.14	0	16,000	0.14	0	0.00
	Total	1,11,52,250	100	0	1,11,52,250	100	0	0.00

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE) (Financial Year 2018-19)

Sr. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year (01-04-18 to 31-03-19)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	1,11,52,250	100	1,11,52,250	100
2	Transaction (purchase/sale) during the year	Nil	Nil	Nil	Nil
3	At the End of the year	1,11,52,250	100	1,11,52,250	100

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs and ADRs)

Sr. No.	Name of the Share-holder	Share holding at the beginning of the Year		Cumulative Share holding during the year (01-04-18 to 31-03-19)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
NOT APPLICABLE					

(v) Shareholding of Directors & Key Managerial Personnel (Financial Year 2018-19)

Sr. No.	Name of the Share-holder	Share holding at the beginning of the Year		Cumulative Share holding during the year (01-04-18 to 31-03-19)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	JAYANTILAL RAICHAND SHAH J/W. DAMYANTI JAYANTILAL SHAH	11,99,750	10.76	11,99,750	10.76
2	MAHENDRA RAICHAND SHAH J/W. MEENA MAHENDRA SHAH	11,24,475	10.08	11,24,475	10.08
3	DIPAN JAYANTILAL SHAH J/W. SONAL DIPAN SHAH	9,06,810	8.13	9,06,810	8.13
4	DHIRAJLAL RAICHAND SHAH J/W. KANCHAN DHIRAJLAL SHAH	9,78,535	8.77	9,78,535	8.77

Sr. No.	Name of the Share-holder	Share holding at the beginning of the Year		Cumulative Share holding during the year (01-04-18 to 31-03-19)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
5	NITIN RAICHAND SHAH J/W. MINAXI NITIN SHAH	15,61,700	14.00	15,61,700	14.00
6	ARVIND RAICHAND SHAH J/W. AVANI ARVIND SHAH	6,62,735	5.94	6,62,735	5.94
7	HITESH KANTILAL GARMORA	0	0.00	0	0.00

* Shareholding Showing individual as well as Jointholding of Directors & Key Managerial Personnel

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(R in Lakhs)

Particulars	Secured Loans excluding deposits	# Unsecured Loans	Deposits (Exempted)	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	15,574.17	5,059.92	-	20,634.09
ii) Interest due but not paid	-	25.21	-	25.21
iii) Interest accrued but not due	14.57	-	-	14.57
Total (i+ii+iii)	15,588.74	5,085.13	-	20,673.87
Change in Indebtedness during the financial year				
- Addition	33.36	200.00	-	233.36
- Reduction	-1,557.19	-1,318.36	-	-2,875.55
Net Change	-1,523.83	-1,118.36	-	-2,642.19
Indebtedness at the end of the financial year				
i) Principal Amount	14,049.57	3,712.69	-	17,762.26
ii) Interest due but not paid	-	254.08	-	254.08
iii) Interest accrued but not due	15.34	-	-	15.34
Total (i+ii+iii)	14,064.91	3,966.77	-	18,031.68

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A-1. Remuneration to Managing Director, Whole time director and/or Manager: (Financial Year 2018-19)

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of the Director/MD/WTD/Manager			Total Amount
		NITIN RAICHAND SHAH- (MD w.e.f. 01.10.2018)	ARVIND RAICHAND SHAH (WTD in FFL)	DHIRAJLAL RAICHAND SHAH (MD in FFL)	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	2,700,000	5,100,000	5,100,000	12,900,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	2,700,000	5,100,000	5,100,000	12,900,000
	Ceiling as per the Act	5,400,000	5,100,000	5,100,000	

FFL - Fairdeal Filaments Ltd.

A-2. Remuneration to Managing Director, Whole time director and/or Manager: (Financial Year 2018-19)

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of the Director/MD/WTD/Manager			Total Amount
		JAYANTILAL RAICHAND SHAH - As Director	DIPAN JAYANTILAL SHAH - As Director	MAHENDRA RAICHAND SHAH - As Director	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	2,700,000	2,700,000	2,700,000	81,00,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A - 2)	2,700,000	2,700,000	2,700,000	81,00,000
	Ceiling as per the Act	NA being a Private Company till August, 2018 (Section 197 of the Companies Act, 2013)			

B. Remuneration to other directors: (Financial Year 2018-19)

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors - (in FFL)	RAJENDRA K. DESAI	NANDISH S. VIN	SONIA P. KHANNA	
	(a) Fee for attending board committee meetings	55,000	55,000	30,000	140,000
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	Total (1)	55,000	55,000	30,000	140,000
2	Other Non Executive Directors - (in FFL)	JAYANTILAL RAICHAND SHAH			
	(a) Fee for attending board committee meetings	55,000			55,000
	(b) Commission				
	(c) Others, please specify.				
	Total (2)	55,000			55,000
	Total (B)=(1+2)				195,000
	Total Managerial Remuneration				21,195,000
	Overall Ceiling as per the Act.	120 Lacs per Managerial Personal			

FFL - Fairdeal Filaments Ltd.

C.-1 Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Financial Year 2018-19)

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Hitesh K. Garmora Company Secretary	Jayantilal R. Shah CFO	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	NOT APPLICABLE	10,97,815	27,00,000	37,97,815
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	-
2	Stock option		-	-	-
3	Sweat Equity		-	-	-
4	Commission				
	- as % of profit		-	-	-
	- others, specify		-	-	-
5	Others, please specify		-	-	-
	Total		10,97,815	27,00,000	37,97,815

C.-1 Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Financial Year 2018-19)

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Jitesh R. Varkal Company Secretary - FFL	Satish H. Shah CFO - FFL	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	NOT APPLICABLE	3,89,803	11,93,457	15,83,260
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	-
2	Stock option		-	-	-
3	Sweat Equity		-	-	-
4	Commission				
	- as % of profit		-	-	-
	- others, specify		-	-	-
5	Others, please specify		-	-	-
	Total		3,89,803	11,93,457	15,83,260

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Financial Year 2018-19)

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, If any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	NIL	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	NIL	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	NIL	-	-
Compounding	-	-	-	-	-

For and on behalf of Board of Directors
 SHAHLON SILK INDUSTRIES LIMITED

Sd/-
 DHIRAJLAL RAICHAND SHAH
 Chairman
 DIN - 00010480

Date : 22.08.2019
 Place : Surat

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHAHLON SILK INDUSTRIES LIMITED,

Report on the Audit of the Standalone Financial Statements

Opinion:

We have audited the accompanying standalone financial statements of SHAHLON SILK INDUSTRIES LIMITED ("the Company"), which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Statement of changes in Equity and the Cash Flow statement for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statement give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its standalone profit including other comprehensive income, its standalone cash flows and the standalone changes in equity for the year ended on that date.

Basis for Opinion:

We conducted our audit of the standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provision of the Act and Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained

are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In the audit of the current period, we do not have observed any key audit matters required to be reported separately.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon :

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013

("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statement :

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free from material misstatement. Reasonable assurance is the high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. As a part of an audit in accordance with SAs, we exercise professional judgement and maintain the professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Matter :

The merger of Fairdeal Filament Limited with Shahlon Silk Industries Limited is a 'Business combinations of entities under Common control' within the meaning of Indian Accounting Standard ("Ind- AS") 103 issued by the Central Government u/s. 133 of the Companies Act, 2013.

We did not audit the standalone financial statements of erstwhile Fairdeal Filaments Limited (the "Transferor Company"), whose annual financial statements reflect total assets of Rs. 8910.42 lakhs as at March 31, 2019, total revenue of Rs. 21,951.64 lakhs for the year ended March 31, 2019. These annual financial statements and other financial information of the Transferor Company only have been audited by other auditor whose reports have been

furnished to us by the management, and our opinion on the financial statements to the extent they have been derived from such financial statements is based on such report of other auditor. Our opinion on the financial statements is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, based on our audit we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The standalone balance sheet, the standalone statement of Profit and Loss including Other Comprehensive Income, the standalone statement of Changes in Equity and the standalone statement of Cash Flow dealt with by this Report are in agreement with the books of accounts. (Refer Note No.: XXIV)
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigation which would materially impact its Financial position; (Refer Point XV of Notes to Accounts)
 - ii. The company did not have any long-term contracts including derivative contracts for which they were any material foreseeable losses under the applicable law or accounting standards.
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the company.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended March 31, 2019.

For, Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No.: 108671W

(Rasesh B. Shah)
Partner

Place : Surat
Date : 16.08.2019

Membership No.: 034217
UDIN : 19034217AAAAAL8008

Annexure – A to the Independent Auditor’s Report:

The Annexure-A referred to in Independent Auditor’s Report to the members of the Company on the financial statements of the company for the year ended March 31, 2019, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to information and explanations given to us, all the assets have been physically verified by the management during the year, there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties other than self-constructed immovable property (buildings), as disclosed in fixed assets to the financial statements, are held in the name of the company.
- (ii) (a) According to information and explanations give to us, the management of the company has conducted physical verification at reasonable intervals of inventories during the period and the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to nature and size of the company and no material discrepancies have been noticed during such verification.
- (iii) (a) In our opinion and according to the information and explanation given to us, the company has not granted any loan secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (b) As the company has not granted any loan as specified in Paragraph (iii)(a), reporting under Paragraph (iii) (b) and (iii) (c) of Companies (Auditor’s Report) Order, 2016 is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan under section 185 and 186 of the Act. However, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to investments made, guarantee given and security provided.
- (v) The company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom duty, Excise duty, VAT, Cess and any other Statutory dues to the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are dues of Income Tax, Excise Duty have not been deposited as at March 31, 2019 on account of any dispute are given below:

Nature of Dues	Period to which dispute relates	Forum where dispute is pending	Amount under dispute
Excise Duty	AY 2017-18	Central Excise & Service Tax Appellate Tribunal	6.69 Lakhs
Excise Duty	AY 2018-19	Central Excise & Service Tax Appellate Tribunal	24.63 Lakhs (excluding interest)
Penalty on Excise Duty	AY 2018-19	Central Excise & Service Tax Appellate Tribunal	2 Lakhs
Income Tax	AY 2012-13	Commissioner of Income Tax (Appeals)	23.59 Lakhs
Income Tax	AY 2013-14	Commissioner of Income Tax (Appeals)	24.71 Lakhs

(viii) The company as not defaulted in repayment of any loans or borrowing taken from any financial institution, banks, government or debenture holders during the year. The company has not issued debentures during the year.

(ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph (ix) of Order is not applicable. The term loans/ working capital loans obtained during the year have been applied for the purpose which they were raised.

(x) According to the information and explanation given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with rule Schedule V to the Act.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company in terms of section 406 of the Companies Act, 2013. Accordingly, paragraph (xii) of the order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177

and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with them covered u/s. 192 of the Act. Accordingly, paragraph (xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For, Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No.: 108671W

(Rasesh B. Shah)
Partner

Place : Surat
Date : 16.08.2019

Membership No.: 034217
UDIN : 19034217AAAAAL8008

Annexure – B to the Independent Auditor’s Report:

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Shahlon Silk Industries Limited of even date)

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of SHAHLON SILK INDUSTRIES LIMITED (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls:

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and

deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidences we have obtained, are sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting of the company.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No.: 108671W

(Rasesh B. Shah)
Partner

Place : Surat
Date : 16.08.2019

Membership No.: 034217
UDIN : 19034217AAAAAL8008

BALANCE SHEET

(R in Lakhs)

AS AT 31ST MARCH, 2019

PARTICULARS	Note No.	As at March 31, 2019	As at March 31, 2018
I. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	1	11,936.49	12,850.14
(b) Capital Work in Progress	1	64.65	209.31
(c) Intangible Assets	1	40.05	44.61
(d) Intangible Assets under Development	1	-	-
(e) Financial Assets		-	-
(i) Investments	2	70.36	70.06
(ii) Other Financial Assets	3	181.95	155.72
(f) Other Non-Current Assets	4	1,085.59	930.09
Total Non-Current Assets		<u>13,379.10</u>	<u>14,259.94</u>
(2) CURRENT ASSETS			
(a) Inventories	5	5,333.95	5,143.85
(b) Financial Assets			
(i) Trade Receivables	6	11,203.38	10,344.46
(ii) Cash & Cash Equivalents	7	39.10	36.77
(iii) Bank Balance other than (ii) above	8	34.25	31.34
(iv) Loans		-	-
(v) Other Financial Assets		-	-
(c) Current Tax Assets (Net)		15.49	12.80
(d) Other Current Assets	9	1,371.04	1,396.43
Total Current Assets		<u>17,997.20</u>	<u>16,965.65</u>
TOTAL ASSETS		<u><u>31,376.30</u></u>	<u><u>31,225.59</u></u>
II. EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share Capital	10	1,115.23	1,115.23
(b) Other Equity		7,864.21	7,562.90
Total Equity		<u>8,979.44</u>	<u>8,678.12</u>
LIABILITIES			
(2) NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	11	6,753.51	9,146.68
(ii) Other Financial Liabilities		-	-
(b) Provisions		-	-
(c) Deferred Tax Liabilities (Net)	12	168.48	170.28
(d) Other Non Current Liabilities	13	204.25	210.84
Total Non-Current Liabilities		<u>7,126.23</u>	<u>9,527.80</u>

(R in Lakhs)

PARTICULARS	Note No.	As at March 31,2019	As at March 31,2018
(3) CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	14	9,781.06	9,867.18
(ii) Trade Payables	15		
- Micro and Small Enterprises		22.60	22.55
- Others		3,575.15	1,093.51
(iii) Other Financial Liabilities		-	-
(b) Other Current Liabilities	16	1,862.35	2,009.03
(c) Provisions			
(d) Current Tax Liabilities (Net)		29.47	27.39
Total Current Liabilities		<u>15,270.64</u>	<u>13,019.67</u>
TOTAL EQUITY AND LIABILITIES		<u><u>31,376.30</u></u>	<u><u>31,225.59</u></u>

Notes to Accounts & Significant Accounting Policies

The Notes No. 1 to 25 are Integrated Part of these Financial Statements

As per our Report of even date
For Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No : 108671W

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN : 19034217AAAAAL8008
Place : Surat
Date : 16.08.2019

For and on behalf of the Board
Shahlon Silk Industries Limited

Dhirajlal R. Shah
Director
DIN : 00010480

Nitin R. Shah
Managing Director
DIN : 00010487

Hitesh K. Garmora
Company Secretary

Jayantilal R. Shah
Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	Note No.	2018-19	2017-18
I. INCOME			
<u>Revenue from Operations</u>			
Revenue From Operation	17	53,108.39	52,932.04
Other Income	17	97.76	53.13
Total Revenue		<u>53,206.14</u>	<u>52,985.17</u>
II. EXPENSES			
Cost of Materials Consumed	18	18,480.96	16,574.00
Purchase of Stock-in-trade		22,621.96	24,327.71
Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress	19	(356.56)	(706.49)
Employee Benefits Expenses	20	3,332.72	3,249.91
Finance Costs	21	1,830.53	1,692.13
Depreciation and Amortisation Expense	22	1,453.22	1,475.23
Other Expenses	23	5,354.46	5,857.75
Total Expenses		<u>52,717.28</u>	<u>52,470.25</u>
III. Profit before Exceptional and Extraordinary Items and Tax (I-II)		488.86	514.93
IV. Tax Expenses - Current Tax		112.12	141.56
- Excess provision/shortfall for taxation		5.56	6.00
- Deferred Tax		(1.80)	103.25
Profit for the Period		<u>372.99</u>	<u>264.11</u>
V. Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		29.30	(0.63)
(ii) Income tax relating to items that will not be reclassified to profit or loss		9.95	(0.13)
(iii) Items that will be reclassified to profit or loss		-	-
(iv) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the year (Net of Tax)		19.35	(0.51)
VI. Total Comprehensive Income for the year		<u>392.34</u>	<u>263.61</u>

(R in Lakhs)

PARTICULARS	Note No.	2018-19	2017-18
VII. Earnings Per Equity Share :			
(i) Basic	24	3.34	2.37
(ii) Diluted		3.34	2.37

Notes to Accounts & Significant Accounting Policies

The Notes No. 1 to 25 are Integrated Part of these Financial Statements

As per our Report of even date
For Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No : 108671W

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN : 19034217AAAAAL8008
Place : Surat
Date : 16.08.2019

For and on behalf of the Board
Shahlon Silk Industries Limited

Dhirajlal R. Shah
Director
DIN : 00010480

Nitin R. Shah
Managing Director
DIN : 00010487

Hitesh K. Garmora
Company Secretary

Jayantilal R. Shah
Chief Financial Officer

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2019

PARTICULARS	2018-2019 (` in Lakhs)	2017-2018 (` in Lakhs)
(A) Cash Flow from Operating Activities		
Net profit before Tax and Extraordinary Items	508.21	514.42
<u>Adjusted For :</u>		
Depreciation	1,453.22	1,475.23
Interest Paid	1,830.53	1,692.13
Proportionate Capital Subsidy on Plant Machinery	(6.59)	(6.59)
Extra ordinary item ((Profit)/loss on sale of assets)	(23.15)	(10.93)
Operating Profit before Working Capital Charges	3,762.22	3,664.26
<u>Adjusted For :</u>		
Trade and other receivables	(829.81)	855.52
Inventories	(190.10)	(1,168.67)
Trade payables & Provisions	2,337.09	(609.72)
Cash Generated From Operations	5,079.40	2,741.39
Interest Paid on operations	(1,581.40)	(1,449.07)
Cash flow before Extraordinary items	3,498.01	1,292.32
Short Provision for taxation (Earlier Year)	(5.56)	(6.00)
Current tax	(112.12)	(141.56)
Net Cash from Operating Activities	3,380.32	1,144.76
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(440.11)	(1,079.50)
Sales of Fixed Assets	58.54	34.87
(Purchase) / Sales of Investments	(0.30)	33.60
Capital Subsidy received against Capital Assets under TUF	-	-
Long Term Advances	(174.47)	(20.27)
Net Cash used in Investing Activities	(556.34)	(1,031.30)
(C) Cash Flow from Financing Activities		
Repayment of Finance / Lease / Loan (Net)	(2,393.18)	(442.84)
Share capital including share premium	-	-
Short Term Loan / Other Loan	(86.12)	474.76
Interest Paid on Term Loan	(249.13)	(243.07)
Dividend Paid including Dividend Distribution Tax	(91.02)	-
Net Cash used in Financial Activities	(2,819.45)	(211.15)

PARTICULARS	2018-2019 (` in Lakhs)	2017-2018 (` in Lakhs)
NET INCREASE IN CASH & CASH EQUIVALENTS (A)+(B)+(C)	4.53	(97.69)
Opening Cash and Cash Equivalents	120.70	218.39
Closing Cash and Cash Equivalents	125.23	120.70

As per our Report of even date
For Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No : 108671W

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN : 19034217AAAAAL8008
Place : Surat
Date : 16.08.2019

For and on behalf of the Board
Shahlon Silk Industries Limited

Dhirajlal R. Shah
Director
DIN : 00010480

Hitesh K. Garmora
Company Secretary

Nitin R. Shah
Managing Director
DIN : 00010487

Jayantilal R. Shah
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2019

A. EQUITY SHARE CAPITAL (R in Lakhs)

Balance at the beginning of the reporting period i.e. 1st April 2018	Changes in equity share capital during the year 2018-19	Balance at the end of the reporting period 31st March 2019
1115.23	-	1115.23

Fairdeal Filaments Limited (Transferor Company) merged with Shahlon Silk Industries Limited (Transferee Company) pursuant to the order of The National Company Law Tribunal on 10.05.2019. Consequently, 67,24,240 fully paid equity shares of ₹ 10 each to the shareholder of Fairdeal Filaments Limited and 16,000 Shares of ₹ 10/- each to be cancelled held by Fairdeal Filaments Limited in the Company has been considered in share pending allotment.

B. OTHER EQUITY (R in Lakhs)

	Share Pending Allotment	Reserve and Surplus		Capital Reserve on Amalgamation	Revaluation Surplus	Other Comprehensive Income	Total
		Securities Premium Reserve	Retained Earnings				
Ason 31st March, 2018	670.82						
Balance as at 01.04.2018	670.82	310.86	1,568.18	4,421.69	601.36	(10.01)	7,562.90
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	372.99	-	-	-	372.99
Dividends	-	-	(75.63)	-	-	-	(75.63)
Tax on Dividends	-	-	(15.40)	-	-	-	(15.40)
Transfer to retained earnings	-	-	33.81	-	(33.81)	-	-
On Issue of Bonus Share	-	-	-	-	-	-	-
Movement in OCI during the year consequent to business combination	-	-	-	-	-	19.35	19.35
Balance at the end of the reporting period 31.03.2019	670.82	310.86	1,883.96	4,421.69	567.55	9.34	7,864.21

Notes to Accounts & Significant Accounting Policies

The Notes No. 1 to 25 are Integrated Part of these Financial Statements

As per our Report of even date
 For Rasesh Shah & Associates
 Chartered Accountants
 Firm Reg. No : 108671W

CA Rasesh B. Shah
 Partner
 M.NO. : 034217
 UDIN : 19034217AAAAAL8008
 Place : Surat
 Date : 16.08.2019

For and on behalf of the Board
 Shahlon Silk Industries Limited

Dhirajlal R. Shah
 Director
 DIN : 00010480

Nitin R. Shah
 Managing Director
 DIN : 00010487

Hitesh K. Garmora
 Company Secretary

Jayantilal R. Shah
 Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2018

A. EQUITY SHARE CAPITAL (R in Lakhs)

Balance at the beginning of the reporting period i.e. 1st April 2017	Changes in equity share capital during the year 2017-18	Balance at the end of the reporting period 31st March 2018
1115.23	-	1115.23

Fairdeal Filaments Limited (Transferor Company) merged with Shahlon Silk Industries Limited (Transferee Company) pursuant to the order of The National Company Law Tribunal on 10.05.2019. Consequently, 67,24,240 fully paid equity shares of ₹ 10 each to the shareholder of Fairdeal Filaments Limited and 16,000 Shares of ₹ 10/- each to be cancelled held by Fairdeal Filaments Limited in the Company has been considered in share pending allotment.

B. OTHER EQUITY (R in Lakhs)

	Share Pending Allotment	Reserve and Surplus		Capital Reserve on Amalgamation	Revaluation Surplus	Other Comprehensive Income	Total
		Securities Premium Reserve	Retained Earnings				
As on 31st March, 2017	-						
Balance as at 01.04.2017	-	786.54	1,720.57	4,509.91	639.50	(9.51)	7,647.02
Amount capitalised on Issue of Bonus Shares		(475.68)	(416.50)				(892.18)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	264.11	-	-	-	264.11
Dividends	-	-	-	-	-	-	-
Tax on Dividends	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	(38.15)	-	(38.15)
On Issue of Bonus Share	-	-	-	-	-	-	-
Movement in OCI during the year	-	-	-	-	-	(0.51)	(0.51)
Consequent to business combination	670.82			(88.22)			582.60
Balance at the end of the reporting period 31.03.2018	670.82	310.86	1,568.18	4,421.69	601.36	(10.01)	7,562.90

Notes to Accounts & Significant Accounting Policies

The Notes No. 1 to 25 are Integrated Part of these Financial Statements

As per our Report of even date
 For Rasesh Shah & Associates
 Chartered Accountants
 Firm Reg. No : 108671W

CA Rasesh B. Shah
 Partner
 M.NO. : 034217
 UDIN : 19034217AAAAAL8008
 Place : Surat
 Date : 16.08.2019

For and on behalf of the Board
 Shahlon Silk Industries Limited

Dhirajlal R. Shah
 Director
 DIN : 00010480

Hitesh K. Garmora
 Company Secretary

Nitin R. Shah
 Managing Director
 DIN : 00010487

Jayantilal R. Shah
 Chief Financial Officer

(R in Lakhs)

1. PROPERTY, PLANT & EQUIPMENT

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK			
		As at 01.04.2018	Addition	Disposals	As at 31.03.2019	Upto 31.03.2018	For the Period	Deduct	Upto 31.03.2019	As At 31.03.2019	As At 31.03.2018
1	TANGIBLE ASSETS: - LEASE-HOLD LAND [Value of the land is represented in the form of shares allotted by the Lessor in consideration of the lease rights given to the Lessee]										
2	Land	2,092.78	-	-	2,092.78	-	-	-	-	2,092.78	2,092.78
3	Lease Hold Land Apparel Park (SEZ)	1,085.69	-	-	1,085.69	-	-	-	-	1,085.69	1,085.69
4	Building	4,012.01	134.43	-	4,146.45	1,560.82	288.77	-	1,849.59	2,296.86	2,451.20
5	Plant & Machinery	11,006.48	377.33	117.44	11,266.36	5,494.59	856.74	68.74	6,282.59	4,983.77	5,511.88
6	Wind Mill	2,410.30	-	-	2,410.30	998.84	192.06	-	1,190.90	1,219.40	1,411.47
7	Natural Gas Based Handset	2.82	-	-	2.82	2.13	-	-	2.13	0.70	0.70
8	Waste Heat Recovery	1.36	-	-	1.36	1.31	-	-	1.31	0.05	0.05
9	Office Equipment	183.56	10.21	1.14	192.63	146.23	16.33	0.75	161.81	30.82	37.33
10	Computer	211.52	19.95	1.09	230.38	191.88	11.06	1.07	201.87	28.52	19.64
11	Vehicles	385.52	20.07	12.69	392.90	209.95	48.42	12.18	246.19	146.72	175.58
12	Furniture & Fixtures	113.78	4.49	-	118.28	90.96	6.50	-	97.46	20.82	22.82
13	Bearm Pipe	122.04	11.84	5.11	128.78	81.03	22.34	4.96	98.41	30.37	41.01
	SUB-TOTAL (A) :-	21,627.88	578.33	137.47	22,068.74	8,777.74	1,442.21	87.70	10,132.25	11,936.49	12,850.14
	INTANGIBLE ASSETS :-										
1	Computer (Intangible)	86.52	6.44	-	92.96	41.91	11.01	-	52.92	40.05	44.61
	SUB-TOTAL (B) :-	86.52	6.44	-	92.96	41.91	11.01	-	52.92	40.05	44.61
	GRAND TOTAL (A+B) :-	21,714.40	584.77	137.47	22,161.70	8,819.65	1,453.22	87.70	10,185.17	11,976.54	12,894.75
	Last Year Detail (in lakhs)	20,696.12	1,078.01	59.72	21,714.40	7,339.98	1,513.38	33.71	8,819.65	12,894.75	13,356.14

Notes : 1.1 For properties pledge as securities Refer Note No. 11.

1.2 Depreciation on revalued portion of Fixed Assets calculated on written down method over balance useful life of assets, is transferred from revolution reserve to the Profit & Loss Accounting to 32.04 lakhs (PY. 36.00 lakhs)

1.3 The company has acquired 99 years leasehold right of Plot Nos. 3, 4, 5/A & 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, by subscribing to the shares of Fairdeal Textile Park Pvt. Ltd. All the risk and rewards of the leasehold land has been transferred to the Company. The life of leasehold land has been considered beyond estimate because of the period of lease being 99 years and renewable thereafter gives the Company ownership of the plot in perpetuity. The leasehold land has been recognised as finance lease at nil value and the value of shares by virtue of which the Company acquired the leasehold right has been recognised in non-current asset at their historical cost.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
2 NON CURRENT INVESTMENTS		
31,500 (31,500) Shares of Fairdeal Eco Infra Pvt. Ltd.	3.15	3.15
44,280 (44,280) Shares of The Cosmos Co-Op. Bank Ltd.	59.38	59.38
Capital Contribution of Shahlon Industries LLP	1.90	1.90
SBI Blue Chip Fund	5.94	5.64
TOTAL	70.36	70.06

PARTICULARS	As at March 31,2019	As at March 31,2018
3 OTHER FINANCIAL ASSETS		
Bank Deposits with more than 12 months maturity	51.89	52.59
Agency Deposits	130.07	103.14
TOTAL	181.95	155.72

PARTICULARS	As at March 31,2019	As at March 31,2018
4 OTHER NON CURRENT ASSETS (Unsecured and Considered Good)		
Keyman Insurance Premium	313.64	298.94
3,92,294 (7,54,794) Shares of Fairdeal Textile Park Pvt. Ltd. (Refer Note 1.3)	380.49	453.00
1,07,000 (1,07,000) Shares of Shahlon Textile Park Pvt.Ltd.	10.70	10.70
Utility Deposits	380.76	167.46
TOTAL	1,085.59	930.09

PARTICULARS	As at March 31,2019	As at March 31,2018
5 INVENTORIES		
Raw Materials	1,587.19	1,662.77
Work-in-progress	277.63	277.64
Finished Goods	2,580.80	2,705.55
Stock- in-trade	558.08	76.75
Consumable Stores etc.	330.26	421.14
TOTAL	5,333.95	5,143.85

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
6 TRADE RECEIVABLES (Unsecured and Considered Good)		
Trade Receivables		
Considered Good	11,203.38	10,344.46
Considered Doubtful	34.12	-
Less: - Allowance for Doubtful Debt	(34.12)	-
TOTAL	11,203.38	10,344.46

PARTICULARS	As at March 31,2019	As at March 31,2018
7 CASH AND CASH EQUIVALENTS		
a) Balance with Banks in Current Accounts	8.40	11.20
a) Balance with Banks in Unpaid Dividend Accounts	14.13	14.25
b) Cash in Hand	16.56	11.33
TOTAL	39.10	36.77

PARTICULARS	As at March 31,2019	As at March 31,2018
8 OTHER BANK BALANCE		
Fixed Deposit with scheduled Bank	34.25	31.34
TOTAL	34.25	31.34

PARTICULARS	As at March 31,2019	As at March 31,2018
9 OTHER CURRENT ASSETS (Unsecured and Considered Good)		
VAT Receivables	6.31	12.51
Prepaid Expenses	31.75	17.79
Cenvat Availed	-	4.36
GST Receivables	222.93	280.27
Advances Against Goods	146.43	40.99
Interest Subsidy Receivables (Refer Note 9.1)	224.36	201.10
Export Excise Rebate/GST Receivable	218.29	483.01
Others (Refer Note 9.2)	471.70	299.45
MAT Credit Entitlement	49.28	56.95
TOTAL	1,371.04	1,396.43

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

9.1 The Interest subsidy claim amounting to ₹ 209.50 Lacs was submitted to Ministry of Textile through bank out of which amount of ₹ 88.14 Lacs has been provided in the books of accounts is pending to be received. Considering the prolonged process and resultant uncertainty, the company had discontinued accounting for further accrual of interest subsidy claim under TUF, following conservatism. However, during the reporting year, the company has provided for the amount of ₹ 43.00 Lacs considering the same being received after the balance sheet date.

9.2 Others includes Loans and Advances given to employees amounting to ₹ 53.06 lakhs (P.Y. ₹ 52.88 lakhs) valued at the actual amount of outflow.

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
10 EQUITY SHARE CAPITAL		
<u>Authorised</u>		
3,20,00,000 Equity Shares of ₹ 10/- each	3,200.00	3,200.00
(Authorised Share Capital of ₹ 20,00,00,000/-divided into 2,00,00,000 equity shares of ₹ 10/- each of Fairdeal Filaments Limited merged with the Authorised Share Capital of ₹ 12,00,00,000/- divided into 1,20,00,000 equity shares of ₹ 10/- each of the Company pursuant to the Scheme of Merger w.e.f. 01.06.2019)		
TOTAL	3,200.00	3,200.00
<u>Issued, Subscribed and Fully Paid-up</u>		
1,11,52,250 Equity Shares of ₹ 10/- each (P.Y. 1,11,52,250 Equity Shares of ₹ 10/- each)	1,115.23	1,115.23
TOTAL	1,115.23	1,115.23

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

10.1 List of Shareholders holding more than 5% shares in the Company.

<u>Shareholders' Name</u>	<u>As at March 31,2019</u>	<u>As at March 31,2018</u>
Mahendra Raichand Shah		
J/W. Meena Mahendra Shah	1,124,475	1,124,475
% Holding	10.08	10.08
Jayantilal Raichand Shah		
J/W. Damyanti Jayantilal Shah	1,199,750	1,199,750
% Holding	10.76	10.76
Nitin Raichand Shah		
J/W. Minaxi Nitin Shah	1,561,700	1,561,700
% Holding	14.00	14.00
Dipan Jayantilal Shah		
J/W. Sonal Dipan Shah	906,810	906,810
% Holding	8.13	8.13
Dhirajlal Raichand Shah		
J/W. Kanchan Dhirajlal Shah	978,535	978,535
% Holding	8.77	8.77
Arvind Raichand Shah		
J/W. Avani Arvind Shah	662,735	662,735
% Holding	5.94	5.94

• A Reconciliation Statement of No. of Outstanding Shares

(R in Lakhs)

<u>PARTICULARS</u>	<u>As at March 31,2019</u>	<u>As at March 31,2018</u>
Equity Shares Outstanding at the beginning of the year	11,152,250	2,230,450
Equity Shares Issued during the year (Refer Note No. 10.2.a)	-	8,921,800
Equity Shares Bought-back during the year	-	-
Equity Shares Outstanding at the end of the year	<u>11,152,250</u>	<u>11,152,250</u>

- 10.2 a) During the financial year 2017-18, the Company has issued and allotted 89,21,800 fully paid-up Equity Shares of ₹ 10/- each to the existing Shareholders of the Company as on Record Date being March 30, 2018; as Bonus Shares in the ratio of 4 (Four) Equity Bonus Share for every 1 (One) Equity Shares held.
- b) The Company has one class of Shares referred to as Equity Shares having a par value of ₹ 10 each. Each shareholder is entitled to one vote per Share held. The Dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.
- c) Fairdeal Filaments Limited (Transferor Company) merged with Shahlon Silk Industries Limited (Transferee Company) pursuant to the order of The National Company Law Tribunal on 10.05.2019. Consequently, 67,24,240 fully paid equity shares of ₹ 10 each to the shareholders of Fairdeal Filaments Limited and 16,000 Shares of ₹ 10/- each to be cancelled held by Fairdeal Filaments Limited in the Company has been considered in share pending allotment.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
OTHER EQUITY		
<u>Capital Reserve on Amalgamation</u>		
Opening Balance	5,092.51	4,509.91
<u>On Amalgamation</u>		
Net Assets Acquired	-	-
Less: Share allotment pending	-	670.82
<u>Inter Company Investment cancelled / value of shares issued over assets acquired</u>		
16,000 (16,000) Shares of Shahlon Silk Industries Ltd. - Cost	-	(22.40)
16,000 (16,000) Shares of Shahlon Silk Industries Ltd. - Face value of shares Cancelled	-	1.60
Difference of the share capital issued to Shareholders of FFL against the assets acquired	-	(67.42)
TOTAL (A)	5,092.51	5,092.51
<u>Securities Premium Reserve</u>		
Opening Balance	310.86	786.54
Add: Addition during the year	-	-
Less: Amount capitalised on Issue of Bonus Shares	-	(475.68)
TOTAL (B)	310.86	310.86
<u>Revaluation Reserve Account</u>		
Opening Balance	601.36	639.50
Add: Addition during the year	-	-
Less: Transfer to Profit and Loss A/C	-	(36.00)
Less: Reversal during the year	(33.81)	(2.15)
TOTAL (C)	567.55	601.36
<u>Retained Earnings</u>		
As per Last Balance Sheet	1,568.18	1,720.57
Add : Profit/(Loss) for the year	372.99	264.11
Add : Depreciation on Fixed Assets Revaluation	33.81	-
Less : Amount capitalised on Issue of Bonus Shares	-	(416.50)
Dividend Paid during the year	75.63	-
Tax on Dividend Paid	15.40	-
TOTAL (D)	1,883.96	1,568.18
<u>Other Comprehensive Income (OCI)</u>		
As Per Last Balance Sheet	(10.01)	(9.51)
Add: Movement in OCI during the year	19.35	(0.51)
TOTAL (E)	9.34	(10.01)
TOTAL (A+B+C+D+E)	7,864.21	7,562.90

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
11 FINANCIAL LIABILITIES		
BORROWING		
Secured - At amortised cost		
* (a) Term Loan		
Bank of Baroda (Refer Note No. 11.2.d)	218.46	300.54
The Cosmos Co-op. Bank Ltd. (Refer Note No. 11.2.a)	1,860.87	2,910.15
Mortgage Loan from The Cosmos Co-op. Bank Ltd. (Refer Note No. 11.2.b)	876.05	941.82
* (b) Corporate Loan		
Bank of Baroda (Refer Note No. 11.2.d)	710.70	848.10
* (c) Vehicle Loan		
Vehicle Loan (Refer Note No. 11.2.c)	31.27	47.12
TOTAL (A)	3,697.34	5,047.74
Unsecured - At amortised cost		
(a) From Company / Bank / LIC of India	1,367.11	1,424.34
(b) From Directors / Promoters and their relatives	1,689.05	2,674.61
TOTAL (B)	3,056.16	4,098.95
TOTAL (A+B)	6,753.51	9,146.68

11.1 Maturity Profile of Term loans/Unsecured loans are set out below :

	Maturity Profile		Non Current Total	Current Total
	6-10 Years	2-5 Years		
Long Term Secured Loan	780.73	2,916.61	3,697.34	1,381.83
Long Term Unsecured Loan	3,056.16	-	3,056.16	115.29

11.2 Security Details for secured loan

- a) Term Loans facilities from The Cosmos Co-op. Bank Ltd. is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery, 1.25 MW Windmill situated at Village: Bhogat, Taluka : Kalyanpur, Dist: Jamnagar, 0.6 MW Windmill situated at Village : Suthari, Taluka : Abdasa, Dist.: Kutch, 2.10 MW Windmill situated at Village : Valsara, Taluka : Abdasa, Dist.: Kutch AND Equitable Mortgage of Factory Land & Building situated at Block No. 297 & 298, Limodara Patiya, Village : Karanj, Taluka: Mandvi, Dist.:Surat and Leasehold rights over Land & Building situated at Plot No. 72 to 86, Apparel Park, Sachin (SEZ), Dist.: Surat and at Composite Unit 2, Plot No. 3, Plot No. 4, Plot No. 5/A and Plot No. 15 at Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, Office Premises at T.P. Scheme No.: 6, F.P. No. 233/A, western side of Third Floor, Dawer Chambers, Ring Road, Surat, Property situated at 91, G.I.D.C., Khatodara, B/h. Sub Jail, Ring Road, Surat , Property situated at City survey Nondh No.: 451/A of Ward Khatodara, Final Plot No.: 300, T.P. Scheme No. 6, Majura-Khatodara, Taluka/Dist.: Surat.
- b) Mortgage Loan facility from The Cosmos Co-op. Bank Ltd. is secured by Equitable Mortgage of Industrial open Land situated at Plot No. 1, Block No. 75, Plot No. 2, Block No. 75, Plot No. 1/B, Block No. 76, Plot No. 1 to 13, Block No. 81, Plot No. 14 to 21, Block No. 81, Village: Karanj, Taluka: Mandvi, Dist.: Surat AND the said facility further secured by Equitable Mortgage of Factory Land & Building situated at Block No. 297 & 298, Limodara

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

Patiya, Village: Karanj, Taluka: Mandvi, Dist.: Surat and Leasehold rights over Land & Building situated at Plot No. 72 to 86, Apparel Park, Sachin (SEZ), Dist.: Surat and at Composite Unit 2, Plot No. 3, Plot No. 4, Plot No. 5/A and Plot No. 15 at Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, Office Premises at T.P. Scheme No.: 6, F.P. No. 233/A, western side of Third Floor, Dawer Chambers, Ring Road, Surat, Property situated at 91, G.I.D.C., Khatodara, B/h. Sub Jail, Ring Road, Surat, Property situated at City survey Nondh No.: 451/A of Ward Khatodara, Final Plot No.: 300, T.P. Scheme No. 6, Majura-Khatodara, Taluka/Dist.: Surat

- c) Vehicle Loans are Secured by Hypothecation of Vehicles
- d) Term Loan and Corporate Loan facilities from Bank of Baroda is secured by Hypothecation of raw materials, stock-in-process, finished goods, books debts, plant and machinery and equitable mortgage of factory land and building situated at Block no. 298, Plot no. 2, Block no. 76, Plot no. 2 at Village: Karanj, Taluka: Mandvi, Dist.: Surat and Block no. 141, Plot no. 3, Block no. 146, Plot no. 3/A & 13, Block no. 149, Plot no. 12/A & 12/B at Village: Mota Borasara, Taluka: Mangrol, Dist. Surat. Facility further secured by equitable mortgage of open Industrial land situated at Plot no.: Composite unit-1, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat and office premises situated at eastern side of third floor, Dawer Chambers, Ring Road, Surat and hypothecation of Wind mill situated at Village: Suthari, Taluka: Abdasa, Dist: Kutch. "

* Secured / Unsecured Loans of ₹ 1,497.11 lakhs Repayable/ redeemable within one year, which is shown in Other Current Liabilities under Current Maturities of Long Term Debts.

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
12 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability/(Assets) on account of :		
Depreciation on Fixed Assets	198.84	260.79
Unabsorbed Depreciation	-	(75.09)
Provisions for Bad Debts	(11.39)	-
Provision for Bonus	(3.76)	(11.05)
Provision for Leave	(2.61)	(2.35)
Provision for Gratuity	(17.95)	(6.88)
Ind AS adjustment due to Fair value of Investments	5.35	4.86
Deferred Tax Liabilities(Net) TOTAL	168.48	170.28

PARTICULARS	As at March 31,2019	As at March 31,2018
13 OTHER NON CURRENT LIABILITIES		
<u>Capital Subsidy under TUF</u>		
Opening Balance	210.84	217.43
Add : Addition during the year	-	-
Less: Proportionate Capital Subsidy transferred to Profit and Loss Account	(6.59)	(6.59)
TOTAL	204.25	210.84

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
14 SHORT TERM BORROWING		
Secured		
<u>Working Capital Loan</u>		
Bank of Baroda Rupee Loan (Refer Note No. 14.1.d)	2,458.73	2,311.10
Cosmos Bank Rupee Loan (Refer Note No. 14.1.a)	4,858.67	4,635.28
Cosmos Bank PCFC/PSCFC Loan (Refer Note No. 14.1.a)	606.52	752.91
Foreign Bills under LC Discounting (Refer Note No. 14.1.b)	616.92	953.78
Short Term Loan from State Bank of India (Under Channel Financing) (Refer Note No. 14.1.c)	444.90	425.54
Unsecured		
Short Term Loan from ICICI Bank Ltd. (Under Channel Financing)	795.32	788.58
TOTAL	<u><u>9,781.06</u></u>	<u><u>9,867.18</u></u>

14.1 Security Details for secured loan

- a) Working capital (Cash credit) facilities from The Cosmos Co-op. Bank Ltd. is secured by Hypothecation of Raw Materials, Stock-in-Process, Finished Goods, Book Debts, Plant and Machinery, 1.25 MW Windmill situated at Village: Bhogat, Taluka: Kalyanpur, Dist: Jamnagar, 0.6 MW Windmill situated at Village: Suthari, Taluka: Abdasa, Dist.: Kutch, 2.10 MW Windmill situated at Village: Valsara, Taluka: Abdasa, Dist.: Kutch AND Equitable Mortgage of Factory Land & Building situated at Block No. 297 & 298, Limodara Patiya, Village: Karanj, Taluka: Mandvi, Dist.:Surat and Leasehold rights over Land & Building situated at Plot No. 72 to 86, Apparel Park, Sachin (SEZ), Dist.: Surat and at Composite Unit 2, Plot No. 3, Plot No. 4, Plot No. 5/A and Plot No. 15 at Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, Office Premises at T.P. Scheme No.: 6, F.P. No. 233/A, western side of Third Floor, Dawer Chambers, Ring Road, Surat, Property situated at 91, G.I.D.C., Khatodara, B/h. Sub Jail, Ring Road, Surat , Property situated at City survey Nondh No.: 451/A of Ward Khatodara, Final Plot No.: 300, T.P. Scheme No. 6, Majura-Khatodara, Taluka/Dist.: Surat.
- b) Foreign Bills under LC Discounting limit is secured by irrevocable letter of credit issued by bank.
- c) Channel Finance Limit from State Bank of India is secured by hypothecation over receivables created out of working capital limit under e-DFS Scheme for Reliance agency business for Polymer & Polyester products.
- d) Working capital (Cash credit) facilities from Bank of Baroda is secured by Hypothecation of raw materials, stock-in-process, finished goods, books debts, plant and machinery and equitable mortgage of factory land and building situated at Block no. 298, Plot no. 2, Block no. 76, Plot no. 2 at Village: Karanj, Taluka: Mandvi, Dist.: Surat and Block no. 141, Plot no. 3, Block no. 146, Plot no. 3/A & 13, Block no. 149, Plot no. 12/A & 12/B at Village: Mota Borasara, Taluka: Mangrol, Dist. Surat. Facility further secured by equitable mortgage of open industrial land situated at Plot no.: Composite unit-1, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat and office premises situated at eastern side of third floor, Dawer Chambers, Ring Road, Surat and hypothecation of Wind mill situated at Village: Suthari, Taluka: Abdasa, Dist: Kutch.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
15 TRADE PAYABLES		
(a) Micro and Small Enterprises (Refer Footnotes (i) and (ii))	22.60	22.55
TOTAL (A)	22.60	22.55
(b) Other		
(i) For Goods & Other Purchases	2,945.58	569.64
(ii) For Expenses	629.57	523.87
TOTAL (B)	3,575.15	1,093.51
TOTAL (A+B)	3,597.75	1,116.07

Footnotes :

- (i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.
- (ii) The disclosures relating to Micro and Small Enterprises are as under:

PARTICULARS	As at March 31,2019	As at March 31,2018
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	22.60	22.55
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	As at March 31,2019	As at March 31,2018
16 OTHER CURRENT LIABILITIES		
Advance From Customers	86.83	88.32
Other Payables - Employees	50.60	44.83
Other Payables	60.27	59.52
Provision for earned Leave	7.81	7.38
Provision for earned Bonus	11.28	10.75
Provision for gratuity	53.78	45.97
Current Maturities of Long Term Secured Loan	1,381.83	1,462.39
Current Maturities of Long Term Unsecured Loan	115.29	197.61
Interest accrued but not due on borrowings	3.44	0.18
Unclaimed Dividend	14.13	14.25
Statutory dues towards TDS/VAT/CST/Service Tax etc.	77.09	77.84
TOTAL	1,862.35	2,009.03

PARTICULARS	As at March 31,2019	As at March 31,2018
17 REVENUE FROM OPERATIONS		
<u>Sale of Products</u>	51,727.66	51,771.21
Add : Job Work Income	175.55	294.97
TOTAL (A)	51,903.21	52,066.18
<u>Other Operating Revenue</u>		
Sale of Power/Windmill Energy (Captive Consumption)	582.83	556.90
Profit/(Loss) on sale of Assets / Investment	23.28	16.09
Dividend	1.17	0.002
Other Operating Income	78.59	104.50
Proportionate Capital Subsidy on Plant & Machinery	6.59	6.59
Factory Shed Rent	1.79	3.00
Commission Income Net	382.82	100.05
Urban Trend Income	-	7.50
Income/(Loss) from Currency Swap / Exch. Variance	128.12	71.24
TOTAL (B)	1,205.18	865.86
<u>Other Income</u>		
Interest	61.45	48.71
Godown Rent	36.00	-
Fair value increase in Investment	0.30	4.42
TOTAL (C)	97.76	53.13
TOTAL (A+B+C)	53,206.14	52,985.17

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

- 17.1 Profit/Loss on Translation of monetary Items are recognized in Profit and Loss account in accordance with para 13.8.1 of Ind AS-21.
- 17.2 Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

(R in Lakhs)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
18 COST OF MATERIALS CONSUMED		
Raw Material Consumed (Indigenous)	18,243.93	16,284.23
Raw Material Consumed (Imported)	237.03	289.78
TOTAL	18,480.96	16,574.00

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
18.1 Opening Stock	1,662.77	1,245.76
Purchase Indigenous	18,158.60	16,663.43
Purchase Imported	246.77	327.59
	20,068.15	18,236.78
Less : Closing Stock	1,587.19	1,662.77
TOTAL	18,480.96	16,574.00

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
19 Change in Inventories of Finished Goods, Stock-in-trade & Work-in-progress		
FINISHED GOODS		
<u>A. Opening Stock</u>		
WIP Goods	277.64	160.57
Finished Goods / Stock in Trade	2,782.30	2,192.89
TOTAL (A)	3,059.94	2,353.45
<u>B. Closing Stock</u>		
WIP Goods	277.63	277.64
Finished Goods / Stock in Trade	3,138.87	2,782.30
TOTAL (B)	3,416.51	3,059.94
(INCREASE) / DECREASE IN STOCK	TOTAL (A-B)	(356.56)
		(706.49)

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
20 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	3,113.35	2,986.39
Contribution to Provident & Superannuation Fund	103.23	144.81
Group Gratuity Premium Exp. (Refer Note No. 20.1 & 20.2)	45.51	54.53
Staff Welfare Expenses	70.62	64.18
TOTAL	3,332.72	3,249.91

Gratuity :

The employee gratuity fund is managed by "Life Insurance Corporation of India" & "SBI Life Insurance Company Ltd". The present value of obligation is determined based on actuarial valuation. The liability is fully funded.

PARTICULARS	2018-19	2017-18
20.1 Defined Benefit Plan (relatable to Transferee Company, Refer Note No.: XXV)		
Reconciliation of opening and closing balances of Defined benefit obligation		
Defined Benefit Obligation at beginning of the year	199.32	162.47
Add: Current service cost	31.22	39.72
Interest Cost	15.95	13.00
Actuarial (Gain)/Loss	(38.97)	(12.31)
Benefits paid	(12.00)	(3.55)
Defined Benefit Obligation at end of the year	195.52	199.32
Reconciliation of opening and closing balances of fair value of Plan Assets	Gratuity (Funded)	Gratuity (Funded)
Opening value	167.86	113.86
Contributions of Employer	6.77	53.69
Investment income on Plan Assets	13.43	16.80
Actual return on plan assets	(6.61)	(12.95)
Benefits paid	(12.00)	(3.55)
Fair value of Plan Assets at end of the year	169.45	167.86
Actual return on plan assets	(6.61)	(12.95)
Reconciliation of fair value of Assets and Obligations	Gratuity (Funded)	Gratuity (Funded)
Fair Value of Plan Assets	169.45	167.86
Present Value of Defined Benefit Obligation	195.52	199.32
Amount recognized in Balance sheet [Surplus / Deficit]	26.07	31.47

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	2018-19	2017-18
Expenses recognised during the year	Gratuity (Funded)	Gratuity (Funded)
In Income Statement		
Current Service Cost	31.22	39.72
Net Interest Cost on Defined Benefit Liability/ (Asset)	2.52	(3.80)
Net Cost	33.73	35.92
In Other Comprehensive Income		
Actuarial Gain/(Losses) due to defined benefit obligation	38.97	12.31
Actual return on plan assets excluding expected interest on plan assets	(6.61)	(12.95)
Net Income/(Expenses) for the year recognized in OCI	32.36	(0.63)
Actuarial Assumptions	Gratuity (Funded)	Gratuity (Funded)
Discount rate (per annum)	0.08	0.08
Expected rate of return on plan assets (per annum)	0.08	0.08
Rate of escalation in Salary(Per annum)	0.05	0.05
Rate of employee turnover(Per annum)	0.05	0.05

PARTICULARS	2018-19	2017-18
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20.2 Defined Benefit Plan (relatable to Transferor Company, Refer Note No.: XXV)

a. Amounts recognized in Balance Sheet are as follows:

A. Present Value of Defined Benefit Obligation		
- Wholly Funded	135.67	122.92
- Wholly Unfunded		
	135.67	122.92
Less: Fair Value of Plan Assets	135.67	122.92
Amount to be recognized as Liability or (Assets)	-	-

B. Amount Reflected in Balance Sheet

- Liability	27.71	14.50
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b. Amounts recognized in Profit & Loss Account:

1. Current Service Cost	11.78	18.61
2. Interest Cost	8.45	7.81
3. Expected Return on Plan Assets	8.45	7.81
4. Actuarial Losses/(Gains)	-	-
Total included in " Payments and Benefits to Employees"	11.78	18.61

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	2018-19	2017-18
c. <u>Changes in present value of defined benefit obligation representing reconciliation of opening & closing balances thereof are as follows:</u>		
Opening Value of present value of defined benefit obligation	104.31	81.68
Add : Current service cost	11.78	18.61
Add : Interest Cost	8.45	7.81
Add : Contribution made	1.63	4.11
	126.18	112.21
Less : Mortality Charges	2.03	2.09
Less : Benefits paid	4.40	5.80
Less : Current Service Provision		
Less : accured gain/loss	(3.06)	
Closing Value of present value of defined benefit obligation	122.80	104.31
d. <u>Principal Actuarial Assumptions at the Balance Sheet Date (expressed as Weighted Averages)</u>		
Discount Rate (p.a.)	0.08	0.08
Expected Rate of Return on Assets (p.a.)	0.08	0.08

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
21 FINANCE COST		
Bank Charges	50.67	80.24
Term Loan Interest	249.13	243.07
Working Capital Interest	943.97	845.42
Interest on Unsecured Loan	381.52	382.08
Interest Paid to Suppliers of Goods	96.36	26.35
Bill Discounting Interest	101.72	111.18
Interest On Vehicle Finance	7.15	3.80
TOTAL	1,830.53	1,692.13

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
22 DEPRECIATION AND AMORTISATION EXP.		
Depreciation for the period	1,453.22	1,475.23
TOTAL	1,453.22	1,475.23

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
23 OTHER EXPENSES		
<u>Other Manufacturing Expenses</u>		
Consumable Stores (Refer Note No. 23.3 to 23.5)	1,455.30	1,713.20
Power and Fuel	2,066.48	2,096.03
Repairs - Plant & Machinery	170.78	181.94
- Buildings	42.63	51.88
Factory Expense	174.53	160.69
Job Charges	104.97	97.64
Leave & License Agreement	0.10	0.10
Lising Charges	5.92	6.09
Wind Mill Exp.	187.87	185.02
Excise Duty	-	129.49
TOTAL (A)	4,208.59	4,622.09
 <u>Windmill Expenses</u>		
Lease Rent	1.44	1.47
Insurance	1.93	2.45
Repairs & Maintenance	101.88	81.38
Professional Expenses	1.14	0.95
Term Loan Interest	81.49	98.77
	187.87	185.02
 <u>Selling & Distribution Expenses</u>		
Urban Trend Exp.	-	9.06
Tempo Freight and Octroi	220.47	178.44
Vehicle Repairs & Maintenance	0.67	1.18
Bad Debts	34.12	-
Advertisement Expense	50.30	55.57
Brokerage Expenses	183.82	182.89
TOTAL (B)	489.38	427.14

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
<u>Administrative & Other Expenses</u>		
Rent	44.31	23.61
Insurance	23.15	25.77
Directors Remuneration	215.36	251.58
Director's Fees	1.95	2.23
Donation *	25.52	169.60
Electricity Expenses	11.94	8.93
Travelling and Conveyance Expenses	112.83	101.73
Postage and Telephone Expenses	33.91	33.97
Auditors Remuneration - For Statutory Audit	3.80	6.05
Computer Expenses	22.39	19.89
Legal and Professional Expenses	95.92	96.26
Repair & Maintenance of Furniture & Off. Equip.	16.13	20.47
Printing and Stationary Expenses	20.88	15.75
General Expenses	27.54	32.55
ISO 9001:2000 Certification Exp.	0.87	0.13
TOTAL (C)	656.49	808.51
TOTAL (A+B+C)	5,354.46	5,857.75

* Donation for financial year 2018-19 of ` 25.52 lakhs (P.Y. ` 169.60 lakhs) includes ` 22.00 lakhs (P.Y. ` 157.51 lakhs) contribution donated to a political party in compliance with section 182 of the Companies Act,2013

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
23.1 Payment to Auditors as:		
(a) As an Auditor (Including Tax Audit Fees)	3.80	6.05
(b) Capacity in respect of :		
(i) Company Law Matter		
(ii) Taxation Matter		
(iii) Management Services		
(iv) In any other manner	0.42	0.38
(v) Reimbursement of expenses		

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
23.2 Expenditure in foreign currency (On Payment Basis)		
(i) Foreign Travelling Expenses	13.18	9.07
(ii) Consumables Stores	23.28	148.92
(iii) Raw Materials	230.76	259.94
(iv) Capital Goods	8.70	125.57
(v) Export Commission	67.08	75.56
(vi) Exhibition Expenses	9.32	5.05
<hr/>		
PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
23.3 PACKING MATERIAL		
Opening Stock	29.69	28.57
Purchase Indigenous	330.37	364.20
Purchase Imported	-	-
	<hr/>	<hr/>
	360.06	392.78
Less : Closing Stock	24.29	29.69
TOTAL	335.77	363.08
<hr/>		
PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
23.4 CHEMICAL & OIL		
Opening Stock	68.11	42.85
Purchase Indigenous	694.90	895.16
Purchase Imported	1.55	-
	<hr/>	<hr/>
	764.56	938.02
Less : Closing Stock	31.61	68.11
TOTAL	732.95	869.90
<hr/>		
PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
23.5 STORES		
Opening Stock	313.17	292.08
Purchase Indigenous	288.94	332.25
Purchase Imported	47.78	169.05
	<hr/>	<hr/>
	649.90	793.38
Less : Closing Stock	263.31	313.17
TOTAL	386.58	480.21

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
23.6 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND		
Remittances by the company in foreign currencies for dividends (including amount credited to Non-Resident External Accounts):		
a) No. of Non-resident shareholders	6	6
b) No. of Equity Shares of face value of ₹ 10 each held	1,37,070	1,37,170
c) i) Amount of Dividend Paid (Gross)	1.71	1.71
ii) Tax Deducted at Source	-	-
iii) Year to which dividend relates	2017-18	2016-17

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
24 EARNINGS PER SHARE (EPS)		
1. Net Profit as per Profit and Loss Account available for Equity Shareholders	372.99	264.11
2. Weighted average number of equity shares for Earning Per Share computation (Nos.)	111.52	111.52
3. Basic Earnings Per Share (in ₹)	3.34	2.37
4. Diluted Earnings Per Share (in ₹)	2.09	1.48
5. Face value per share	₹ 10	₹ 10

25 RELATED PARTIES WHERE COMMON CONTROL EXIST AND TRANSACTION ENTERED INTO:

Sr.No.	Name of the Related Party and Nature of Transaction	2018-19	Balance as on March 31, 2019	2017-18	Balance as on March 31, 2018
1	Fairdeal Textile Park Pvt. Ltd. (Common Control of Key Managerial Person)				
	Effluent Treatment Charges	11.73	NIL	6.29	NIL
	Power Charges (Worker's Hostel)	0.28		0.20	
	Maintenance Charges Paid	12.69		12.54	
	Lease Rent paid	1.43		1.43	
	Leave & Licence Agreement (Worker's Hostel)	3.94		2.34	
	Job Charges	6.08		8.31	
	Sales	3.71		5.77	

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

25 RELATED PARTIES WHERE COMMON CONTROL EXIST AND TRANSACTION ENTERED INTO:

Sr.No.	Name of the Related Party and Nature of Transaction	2018-19	Balance as on March 31,2019	2017-18	Balance as on March 31, 2018
2	Lotus Marketing (Common Control of Key Managerial Person)				
	Sales	-	NIL	0.35	NIL
	Interest Income	17.61		-	
	Lease Rent Income	41.60		-	
	Capital Goods Purchase	-		2.95	
	Purchase	51.04		3.03	
3	Autotech Non-Wovens Pvt. Ltd. (Common Control of Key Managerial Person)				
	Sales	51.54	0.98 lakhs Dr	184.90	16.53 lakhs Dr
	Job Income	29.44		56.09	
	Interest Income	-		2.15	
	Technical Service Income	-		0.62	
	Reimbursement of Travelling Expense	0.06		-	
	Purchase	-		0.23	
4	Shahlon Industries LLP				
	Capital Contribution	-	NIL	1.90	NIL
	Sale Income	224.15		-	
	Job Income	52.78		-	
	Re-imburement salary recd.	8.93		-	
	Interest Income	23.99		-	
	Purchase	135.30		-	
	Job Charges	434.25		-	
5	Shri D. R. Shah (Key Managerial Personnel)				
	Key Management/Director's Remuneration	51.22	NIL	42.22	NIL
	Interest on Unsecured Loan	15.58		4.89	
	Sale of Equity Shares	21.00		-	
6	Shri A. R. Shah (Key Managerial Personnel)				
	Key Management/Director's Remuneration	51.22	NIL	42.22	NIL
	Interest on Unsecured Loan	11.83		4.43	
	Sale of Equity Shares	21.00		-	

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2019

(R in Lakhs)

25 RELATED PARTIES WHERE COMMON CONTROL EXIST AND TRANSACTION ENTERED INTO:

Sr.No.	Name of the Related Party and Nature of Transaction	2018-19	Balance as on March 31,2019	2017-18	Balance as on March 31, 2018
7	Shri J. R. Shah (Key Managerial Personnel)				
	Key Management/Director's Remuneration	27.11	NIL	54.22	NIL
	Remuneration as CFO	27.11		-	
	Interest on Unsecured Loan	16.22		8.22	
	Sale of Equity Shares	21.00		-	
8	Shri M. R. Shah (Key Managerial Personnel)				
	Key Management/Director's Remuneration	27.11	NIL	60.48	NIL
	Remuneration as GM Operations	21.11		-	
	Interest on Unsecured Loan	7.17		4.77	
9	Shri D. J. Shah (Key Managerial Personnel)				
	Key Management/Director's Remuneration/ Other Benefits	34.36	NIL	54.22	NIL
	Remuneration as GM Marketing	27.11		-	
	Interest on Unsecured Loan	12.84		10.67	
	Sale of Equity Shares	3.01		-	
10	Shri N. R. Shah (Key Managerial Personnel)				
	Key Management/Director's Remuneration	27.11	NIL	-	NIL
	Remuneration as President Technical	27.11		60.64	
	Interest on Unsecured Loan	7.00		6.45	
	Sale of Equity Shares	21.00		-	

As per our Report of even date
For Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No : 108671W

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN : 19034217AAAAAL8008
Place : Surat
Date : 16.08.2019

For and on behalf of the Board
Shahlon Silk Industries Limited

Dhirajlal R. Shah
Director
DIN : 00010480

Hitesh K. Garmora
Company Secretary

Nitin R. Shah
Managing Director
DIN : 00010487

Jayantilal R. Shah
Chief Financial Officer

Notes to Financial Statements for the Year ended on 31st March, 2019

Significant Accounting Policies:

I. Statement of Compliance:

The Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the provisions of the Companies Act, 2013 and the merger scheme approved by the NCLT.

II. Basis of preparation and presentation of financial statements:

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values:

- Business Combination (other than business combination under common control)
- Certain financial assets and liabilities.
- Assets held for sale – Measured at Fair Value less cost to sell
- Defined Benefit Plans – Plan Assets.
- Equity settled share-based payments.

The provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The Company's financial statements are presented in Indian Rupees (₹), which is also its functional currency.

III. Summary of Significant Accounting Policies

1. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

a) An asset is treated as current when it is:

- i. Expected to be realized or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Expected to be realized within twelve months after the reporting period, or Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

- i. It is expected to be settled in normal operating cycle
- ii. It is held primarily for the purpose of trading
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The group has identified twelve months as its operating cycle.

2. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable, taking in to account contractually defined terms of payment

Notes to Financial Statements for the Year ended on 31st March, 2019

and excluding taxes or duties collected on behalf of the government. Revenue is recognized when the amount of revenue can be reliably measured and it is probable that the economic benefits will flow to the Company. Revenue from rendering of service is recognized when the performance of agreed contractual task has been completed, if any.

a) Sale of Goods and Services:

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or services to the customers. Revenue from sale of goods or rendering of services is net off indirect taxes, returns and discounts.

Effective April, 1 2018 the Company has applied Ind AS 115 which replaces Ind AS 18 – Revenue Recognition.

The Company derives revenue primarily from sale of manufactured goods, traded goods and related services. Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those products or services.

b) Late Payment Charges / Discount:

Late payment charges / discounts are recognized on the ground of prudence as and when recovered.

c) Interest Income:

Interest Income is recognized on accrual basis.

d) Commission Income:

Commission Income is recognized when the services are rendered.

e) Rental Income:

Rental income from property given on rent is recognized in accordance with the terms of the lease contracts over the lease term on systematic basis.

f) Dividend Income:

Dividends are recognized in statement of profit and loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

g) Job Work Income:

Revenue from job work is recognized on completion of the work and at the time when no significant uncertainty exists as to its determination and realization

3. Government Grants:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants relating to purchase of property, plant and equipment are included in the non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

As per the Second Amendment Rules 2018 notified by MCA on 20th September, 2018 amending IND-AS 20 – Government Grants, an alternative is provided to reporting entities whereby government grant related to assets can be presented by deducting the value of grant from the carrying amount of asset. The said amendment is applicable effective from reporting period beginning on or after 1st April, 2018.

Notes to Financial Statements for the Year ended on 31st March, 2019

IV. Tax Expenses:

The tax expense for the period comprise of current tax and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to recognized in the other Comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

- i) Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.
- ii) Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.
- iii) Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

V. Property, plant and equipment

Property, plant and equipment is stated at acquisition

cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written Down Value (WDV) Method. Depreciation is provided as per revised useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Accordingly, the unamortized carrying value is being depreciated/ amortized over the revised/ remaining useful lives. The Residual value of all the new assets have been considered at 5% cost of acquisition as prescribed under the Part C of Schedule II of the Companies Act, 2013

Assets costing ` 5,000 or less are fully depreciated in the year of purchase. Freehold land is not depreciated. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Freehold land is carried at cost. The company has taken certain land on lease for period of 99 year and no amortization provided on these asset.

VI. Intangible assets (Excluding Goodwill)

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the assets can be measured reliably. Intangible Assets

Notes to Financial Statements for the Year ended on 31st March, 2019

are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortization/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

VII. Depreciation:

- 1) Depreciation on each part of an item of property, plant and equipment of Transferee company is provided using the Written Down Method based on useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013.
- 2) Depreciation on each part of an item of property, plant and equipment of Transferor company is provided using the Straight Line Method (except on machineries situated at Karanj unit acquired on or after 01.04.2001, wherein depreciation is provided using Written Down Method) based on useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013
- 3) The estimated useful life of an assets has been assessed based on technical advise which considers the nature of the assets, the usage of the assets, expected physical wear and tear, the

operating conditions of the assets, anticipated technological changes, manufactures warranties and maintenance support etc.

- 4) The expected useful lives of an asset as certified by the management may differ from the useful lives prescribed under Schedule II to the Companies Act, 2013.
- 5) The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as change in accounting estimate

VIII. Impairment of non-financial assets - property, plant and equipment and intangible assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

IX. Inventories:

Inventories are stated at cost or net realizable value, whichever is lower.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- i) Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to

Notes to Financial Statements for the Year ended on 31st March, 2019

their present location and condition. Cost is determined on weighted average cost.

- ii) Finished goods: Cost of Finished Goods includes material cost, cost of conversion, other overheads to the extent applicable.
- iii) Work in progress: It is valued at cost determined by taking material cost, labor charges, and direct expenses.
- iv) Stock in trade: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- v) Stores and spares are stated at cost less provision, if any, for obsolescence.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

X. Trade Receivables:

Allowance for Trade receivable The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

XI. Finance Cost:

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset. A Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowing pending their expenditure on qualifying asset is deducted from the borrowing cost eligible for capitalization.

All Other borrowing costs are charged to statement of profit and loss for the period in which they are incurred.

XII. Foreign currencies transactions and translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss.

XIII. Leases:

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leased assets: Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which they are capitalized. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A depreciable leased asset (other than Land) is

Notes to Financial Statements for the Year ended on 31st March, 2019

depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The company has acquired 99 years leasehold right of Plot no.: Composite unit-1, Composite unit-2 & Plot No. 3,4, 5A and 15, Fairdeal Textile Park, Village: Mahuvej, Taluka: Mangrol, Dist.: Surat, by subscribing to the shares of Fairdeal Textile Park Pvt. Ltd. All the risk and rewards of the leasehold land has been transferred to the Company. The life of leasehold land has been considered beyond estimate because of the period of lease being 99 years and renewable thereafter gives the Company ownership of the plot in perpetuity. The leasehold land has been recognized as finance lease at nil value and the value of shares by virtue of which the Company acquired the leasehold right has been recognized in non-current asset at their historical cost.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

XIV. Retirement Benefits

i) Short Term Employee Benefits

All employee benefits falling due within twelve months of rendering of service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary, ex-gratia are recognized in the period in which employee renders the related services.

ii) Post-Employment Benefits

a) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Pension Scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

b) Defined Benefit Plans

Employee Gratuity fund scheme is the defined benefit plan. The Company makes annual contributions for gratuities to funds administered by trustees and managed by insurance company for amounts notified by the said insurance company. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary. The company has policy of taking Actuarial valuation report at year end.

XV. Provisions

Provisions, Contingent Liabilities and Contingent assets are reviewed at each balance sheet date.

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to Financial Statements for the Year ended on 31st March, 2019

Contingent liability

Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent, and disclosed by way of notes to the accounts.

Particulars	Figures for the current reporting period (` in lakhs)	Figures for the previous reporting period (` in lakhs)
i) Contingent Liabilities:-		
a) Counter guarantees given to banks	2.27	2.27
b) Bank guarantee provided to DGFT/Custom Authorities to secure machineries under EPCG Scheme (Transferee Company ` 15.38 Lakhs & Transferor Company ` 6.11 Lakhs)	21.49	21.49
c) Custom duty on Export obligation under EPCG scheme (Transferee Company ` 2.45 Lakhs & Transferor Company ` 160.78 Lakhs for current reporting period) (Transferee Company ` 10.14 Lakhs & Transferor Company ` 119.86 Lakhs for previous reporting period)	163.23	130.00
d) Guarantee given and security (property) provided to The Surat People's Co-operative Bank Ltd. for securing various credit facilities availed by Shahlon Industries LLP in which Company is one of the partner.	2914.63	2914.63
e) Excise demand of duty amounting of ` 31.07 Lakhs (Transferee Company ` 6.44 Lakhs & Transferor Company ` 24.63 Lakhs) under section 11A(10) of Central Excise Act, 1944 and interest on such duty under section 11 AA of Central Excise Act, 1944; and imposed penalty of ` 2.25 Lakhs (Transferee Company ` 0.25 Lakhs & Transferor Company ` 2.00 Lakhs) upon appellant under Section 11AC(1) (a) of Central Excise Act, 1944 which is under litigation Company has filed appeal with CESAT on account of dispute.	33.32	-
f) Demand U/s 143(3) rws147 of the IT Act, 1961 for A.Y. 2013-14	24.71	-
g) Demand U/s 143(3) rws147 of the IT Act, 1961 for A.Y. 2012-13	23.59	-

Notes to Financial Statements for the Year ended on 31st March, 2019

Dakshin Gujarat Vij Company Ltd. has raised demand of cross subsidy surcharges for the financial year 2005-06 of ₹ 66.73 lacs vide its show cause notice / letter no. DGVL/C&R/PPP/Cross-Sub.Surch/08/2821 dated 05-06-2008 to Shahlon Industrial Infrastructure Pvt. Ltd, which is merged with Shahlon Silk Industries Pvt. Ltd. The amount payable is under Dispute.

Shahlon Industrial Infrastructure Pvt. Ltd., one of the transferor Company which is merged with Shahlon Silk Industries Pvt. Ltd. has received notice from collector of electricity duty demanding electricity duty @15% on supply of electricity to its members, whereas the said company has paid electricity duty 0.40 paise per unit considering power generation is for captive purpose. The amount payable is under dispute.

Contingent assets

Contingent assets are neither recognized not disclosed in the financial statement.

Provisions, Contingent Liabilities and Contingent assets are reviewed at each balance sheet date.

XVI. Investments and other financial assets:

i) Classification:

The Company classifies its financial assets in the following measurement categories:

- a. Those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss); and
- b. Those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

ii) Initial Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable

to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

iii) Subsequent measurement – Debt instruments

Subsequent measurement of the debt instruments depend on the Company's business model for managing asset and the cash flow characteristics of the asset. The Company classifies its debt instruments in the following three categories:

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not a part of the hedging relationship is recognized in the statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

b) Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the statement of profit and loss. When financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains / losses.

Notes to Financial Statements for the Year ended on 31st March, 2019

Interest income from these financial assets is included in finance income using the effective interest rate method.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not a part of hedging relationship is recognized in the statement of profit and loss. Interest income from these financial assets is included in finance income.

iv) Subsequent measurement - Equity instruments:

The Company subsequently measures all equity instruments at fair value. When the management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognized in the statement of profit and loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

v) The company has accounted for its investments in subsidiaries at cost less impairment loss (if any).

vi) Impairment of financial assets:

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through other comprehensive income. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has

significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized.

vii) Derecognition of financial assets:

A financial asset is derecognized when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the Company has transferred an asset, it evaluates whether it has transferred substantially all the risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has neither transferred a financial asset nor retains substantially all the risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset.

XVII. Financial liabilities and equity instruments:

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method.

Notes to Financial Statements for the Year ended on 31st March, 2019

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividend on these preference shares are recognized as finance costs in the statement of profit and loss.

Fair value measurement of financial instruments :

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative financial instrument:

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank.

- i) Financial assets or financial liabilities, at fair value through profit or loss:

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IndAS 109, Financial Instruments. Any derivative that is either not

designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

- ii) Cash Flow Hedge :

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no

Notes to Financial Statements for the Year ended on 31st March, 2019

longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

Derecognition of financial liabilities :

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank, cash on hand and short term highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

XVIII. Earnings Per Share

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

XIX. Business Combination

General Information

Shahlon Silk Industries Limited (SSIL) is engaged in the business of manufacturing of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturizing, yarn dyeing, twisting, crape, ply yarn etc. SSIL is also engaged in an agency with Reliance Industries Limited for sale of yarn. Fairdeal Filaments Limited (FFL) is engaged in the business of manufacturing of grey fabric along with all types of yarn preparatory activities like sizing, texturizing, twisting, crape etc. FFL is also engaged in an agency with Reliance Industries Limited for sale of yarn.

Scheme of merger

FFL and SSIL, belonging to the same group of management, are largely engaged in the similar kind of business activities. This scheme of Amalgamation was

presented under the provisions of Companies Act, 2013 for merger by absorption of FFL ("Transferor Company" by SSIL ("Transferee Company") from April 01, 2018. Both the companies have filed INC-28 on 01.06.2019 hence the scheme of merger has been made effective from that date.

The merger of FFL with SSIL is a 'Business combinations of entities under Common control' within the meaning of Indian Accounting Standard ("Ind- AS") 103 issued by the Central Government u/s 133 of the Companies Act, 2013. Business combinations under Common control are accounted using the "Pooling of Interest Method" as contained in Appendix-C of Ind AS 103.

Accordingly SSIL has recorded the assets, liabilities and reserves in the standalone financial statements in the following manner:

- The assets and liabilities of the combining entities are reflected at their respective carrying amounts. SSIL has passed such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards.
- No adjustments are made to reflect their fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonize the accounting policies.
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
- The identity of the reserves are preserved and the reserves of the transferor becomes the reserves of the transferee.
- The difference between the amount recorded as share capital issued by SSIL pursuant to the scheme and the amount of share capital of FFL has been transferred to Capital Reserve in the books of SSIL.

Notes to Financial Statements for the Year ended on 31st March, 2019

- SSIL has, in consideration for transfer, issued shares as per New shares entitlement Ratio of 1:0.90 i.e. 1 equity shares of ` 10 each as fully paid up in SSIL for every 0.90 equity shares of ` 10 each fully paid up held by them in FFL.
 - Issued, Subscribed and fully paid up equity shares of FFL were 60,50,000 of ` 10 each. Accordingly SSIL has, issued 67,24,240 equity shares of ` 10 each. $[60,50,000/0.90*1]$ +fractional entitlement allowed as per the scheme and the difference is adjusted against Capital reserve.
 - FFL, legally and beneficially, owns 16,000 equity shares of ` 10 each of SSIL thereby aggregating to 0.14% of the total issued, subscribed and paid-up equity share capital of SSIL. As a part of the scheme, all the equity shares of SSIL held by FFL being, 16,000 equity shares of ` 10 each of SSIL, stand cancelled and extinguished on and from the effective date as an integral part of the scheme and accordingly, the share certificates in respect of the aforesaid equity shares in SSIL held by FFL also stand cancelled and are deemed to be cancelled without any further act or deed. Accordingly, the scheme coming into effect and after taking into effect issue and allotment of new shares under clause 8 of scheme of merger and cancellation of the cross holding as stated above, the issued, subscribed and paid-up equity share capital of SSIL stands to ` 17,86,04,900/- divided into 1,78,60,490 equity shares of the face value of ` 10 each fully paid.
 - The financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. However, where the business combination had occurred after that date, the prior period information would have been restated only from that date.
- XX. Significant accounting judgments, estimates and assumptions
- The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of assets or liabilities affected in future period.
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:
- i) Judgment
 - In the process of applying the accounting policies, management has made the following judgments, which have significant effect on the amounts recognized in the Company's financial statements:
 - a) Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss.
 - b) Recoverability of trade receivable

Judgments are required in assessing the recover ability of overdue trade receivables

Notes to Financial Statements for the Year ended on 31st March, 2019

and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

c) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors

(such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

b) Post-retirement benefit plans

Employee benefit obligations (gratuity obligation) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and

Notes to Financial Statements for the Year ended on 31st March, 2019

the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

c) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

XXI. Earning in foreign exchange: F.O.B. values of exports
` 7165.42 lakhs (Pre. Year ` 6010.24 lakhs)

XXII. Sales/Purchase included inter-divisional transfers of
` NIL (Pre. Year ` 70.08 lakhs)

XXIII. Debtors of ` 11,203.38 lakhs includes ` 0.98 lakhs
(Pre. Year ` 10,344.46 lakhs includes ` 16.53 lakhs) due
from concern in which Directors are interested.

XXIV. Pursuant to requirements of Part E of Schedule VI of
SEBI (ICDR) Regulations 2018, financial statements of
the Company for the year ended 31.03.2018,
31.03.2017, 31.03.2016, 31.03.2015 and 31.03.2014
have been restated. In view of this, previous year's
figures have been re-grouped or restated as
considered necessary.

XXV. We did not audit the standalone financial statements
of erstwhile Fairdeal Filaments Limited (the "Transferor
Company"). The financial statements and other
financial information of the Transferor Company only
have been audited by other auditor whose reports
have been furnished to us, and our opinion on the
financial statements to the extent they have been
derived from such financial statements is based on
such report of other auditor. Accordingly, also the basis
of working in Notes to Accounts of Ind AS-15 of

erstwhile Company could not be matched on a line
item basis and hence both the working are shown
separately in the Notes to Accounts. Our opinion on the
financial statements is not modified in respect of the
above matter with respect to our reliance on the work
done and the report of the other auditor.

XXVI. The scheme of amalgamation under sections 230 to
232 of the Companies Act, 2013 between Fairdeal
Filaments Ltd. and Shahlon Silk Industries Ltd. has
been approved by the National Company Law Tribunal,
Ahmedabad Bench, Ahmedabad vide their order dated
May 10, 2019.

XXVII. According to ITFG Bulletin 18, Accounting for
business combinations effected through a Court or
National Company Law Tribunal (NCLT) approved
schemes: Where the business combinations occurs on
or after the date of transition by an entity to Ind AS, the
accounting treatment prescribed under the scheme
would override the requirements of Ind AS 103.

XXVIII. Standards Issued But Not Effective :

On March 30, 2019 the Ministry of Corporate Affairs
(MCA) has notified Ind AS 116 – Leases and certain
amendment to existing Ind AS. These amendments
shall be applicable to the Company from April 01, 2019.

A) Issue of Ind As 116 – Leases

Ind AS 116 will replace the existing leasing
standard i.e. Ind AS 17 and related interpretations.
Ind AS 116 introduces a single lessee accounting
model and requires lessee to recognize assets and
liabilities for all leases with non-cancellable period
of more than twelve months except for low value
assets. Ind AS 116 substantially carries forward the
lessor accounting requirement in Ind AS 17.

B) Amendment To Existing Standard

The MCA has also carried out amendments of the
following accounting standards

- I. Ind AS 101 – First time adoption of Indian
Accounting Standards

Notes to Financial Statements for the Year ended on 31st March, 2019

II. Ind AS 103 – Business Combinations

III. Ind AS 109 – Financial Instruments

IV. Ind AS 111 – Joint Arrangements

V. Ind AS 12 – Income Taxes

VI. Ind AS 19 – Employee Benefits

VII. Ind AS 23 – Borrowing Costs

VIII. Ind AS 28 – Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.

As per our Report of even date
For Rasesh Shah & Associates
Chartered Accountants
Firm Reg. No : 108671W

CA Rasesh B. Shah
Partner
M.NO. : 034217
UDIN : 19034217AAAAAL8008
Place : Surat
Date : 16.08.2019

For and on behalf of the Board
Shahlon Silk Industries Limited

Dhirajlal R. Shah
Director
DIN : 00010480

Hitesh K. Garmora
Company Secretary

Nitin R. Shah
Managing Director
DIN : 00010487

Jayantilal R. Shah
Chief Financial Officer

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To,
COMPANY SECRETARY
SHAHLON SILK INDUSTRIES LIMITED
3RD FLOOR, DAWER CHAMBERS,
NEAR SUB-JAIL, RING ROAD,
SURAT – 395002
Ph.: 0261-4190200

Dear Sir/Madam,

RE : Registration for remittance of dividend through electronic mode

I/We wish to avail ECS facility of the Company for remittance of dividend through electronic mode. Please take on your records my/our following details for the said purpose.

Registered Folio No. : No. of shares :

A. Identity Details (FILL IN CAPITAL LETTERS ONLY)			
Name of Sole/Joint Holder(s)	Father's/Husband's Name	Surname of Sole/Joint Holder(s)	Date of Birth

B. Contact Details			
Name of Sole/Joint Holder(s)	E-mail Id	Contact No. (with STD Code)	Registered Address

C. Permanent Account Number (PAN) (MANDATORY)		
Sole/First Holder	Second Holder	Third Holder

ELECTRONIC CLEARING SERVICE (ECS) DETAILS : (Please fill in Capital Letters only)

Bank Name																													
Branch Name																													
Branch Code	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>																			(9 Digits code number appearing on the MICR Band of the cheque supplied by the Bank) Please attach following documents as a mandatory requirement to register/update your ECS details: 1. A cancelled leaf or a xerox copy of a blank cheque of shareholder's bank account duly cancelled for ensuring accuracy of the bank's name, branch name and code number. 2. Xerox copy of PAN Card of the shareholder including all the joint holders.									
Bank Account No.	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>																										(As appearing on the cheque book)		
Type of Account	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">S.B. Account</td> <td style="width: 33%;">Current Account</td> <td style="width: 33%;">Cash Credit Account</td> </tr> </table>			S.B. Account	Current Account	Cash Credit Account	(Please tick whichever is applicable)																						
S.B. Account	Current Account	Cash Credit Account																											

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness in information supplied as above, Shahlon Silk Industries Limited will not be held responsible for the same.

I/We further undertake to inform the Company any change in my/our Bank details and Account Number.

Signature(s) as per specimen recorded with Company		
Sole/First Holder	Second Holder	Third Holder

Place: _____ Date: _____

Important Notes:

1. The Company will register ECS details in its database only if the signatures of the shareholder(s) match with specimen signatures on records of the Company.
2. After ECS registration, dividend, as and when declared by the Company, will be remitted into the bank account as per the details registered with the Folio No. / DP ID & Client ID of the shareholder.
3. Shareholders are requested to keep the Company informed as and when there is any change in bank details registered with the Company.
4. Unless bank details are changed by the shareholder(s) by sending communication in writing, the Company will continue to remit dividend, as and when declared by Company, as per the details registered with the Company.
5. On dematerialization of existing physical shares for which shareholder(s) have availed ECS facility, the bank details are required to be submitted to DP of the shareholder for availing ECS facility.

INTIMATION FORM FOR CHANGE/CORRECTION IN ADDRESS OF COMMUNICATION

FOR SHAREHOLDING IN PHYSICAL FORM	FOR SHAREHOLDING IN DEMAT FORM
TO, COMPANY SECRETARY SHAHLON SILK INDUSTRIES LIMITED 3 RD FLOOR, DAWER CHAMBERS, NR. SUB-JAIL, RING ROAD, SURAT – 395 002	TO BE SENT TO YOUR DEPOSITORY PARTICIPANT (DP)

Dear Sir/Madam,

Re. : Change/Correction in address of communication

Please refer to my/our shareholding in Shahlon Silk Industries Limited as per below mentioned details:

1. No. of equity shares held:

2. (I) For shareholding in physical form:

Registered Folio No.:

(ii) For shareholding in Demat Form:

DP ID: Client ID:

I/We hereby request to change my/our address of communication as per below details, under an intimation to me/us.
 (Please fill in the details in CAPITAL LETTERS ONLY)

Old Address
Flat/Block/House No. :
Building/House Name :
Landmark Details :
Road/Lane/Area Name I :
Road/Lane/Area Name II :
City :
State :
PIN Code :

New Address
Flat/Block/House No. :
Building/House Name :
Landmark Details :
Road/Lane/Area Name I :
Road/Lane/Area Name II :
City :
State :
PIN Code :

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness in information supplied as above, Shahlon Silk Industries Limited will not be held responsible for the same.

I/We further undertake to inform the Company any change in my address of communication.

Thanking You,

	Name	Signature
Sole/First Holder		
Second Holder		
Third Holder		

Place: _____ Date: _____

Important Notes :

1. The Company or its R & T Agent will update the new address in database only if the signatures of the shareholders match with specimen signature on record of the Company.
2. This form must be accompanied by one self-attested copy of new address proof in the name of the shareholder (e.g. Aadhar, Driving License, Passport, Ration Card and Light Bill/Gas Bill)

FOR ATTENTION OF MEMBERS HOLDING SHARES IN PHYSICAL FORM

Date :

Dear Shareholder(s)

Sub : (1) Submission of PAN and Bank Details

(2) Intimation of Share Transfer in Demat form only w.e.f December 05, 2018

Ref : (1) SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018; and

(2) Amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette Notification dated June 8, 2018.

This has reference to above mentioned circular and notification of Securities and Exchange Board of India regarding collection of PAN and Bank Account details of all securities holders holding securities in physical form and intimation to them about transfer of securities only in dematerialized form w.e.f December 05, 2018. In order to comply with above circular, you are requested to provide us the copy of PAN card and Bank Details (Cancelled Cheque leaf with name of the first holder/attested bank passbook showing name of account holder) within 21 days from the date of the receipt of this letter.

It may further be noted that pursuant to the above referred SEBI Notification, transfer in securities of the Company shall be allowed in dematerialized form only w.e.f December 05, 2018 and therefore shareholders of the Company still holding shares in physical certificates are hereby advised to dematerialize their shares as soon as possible.

Detailed procedure of dematerialization of securities of the Company and guidance for transfer of shares have been displayed at the website of the Company at www.shahlon.com for the information of the shareholders.

Thanking You

For Shahlon Silk Industries Limited

Sd/-

Company Secretary

Shahlon Silk Industries Ltd.

(CIN : U17120GJ2008PLC053464)

Corporate office : 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat – 395002 (Gujarat)

Tel : +91 261 4190200, Fax : +91 261 2635550, Web : www.shahlon.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

11th Annual General Meeting – 30th September, 2019

Name of the member (s):	Registered address:
E-mail id:	Folio. No. / DP ID No. & Client ID No.:

I/We being the Member(s) of _____ shares of Fairdeal Filaments Limited, hereby appoint :

- 1) Name: _____ Address : _____
Email id: _____ Signature: _____ or failing him/her
- 2) Name: _____ Address : _____
Email id: _____ Signature: _____ or failing him/her
- 3) Name: _____ Address : _____
Email id: _____ Signature: _____ or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us, on my/our behalf at the ELEVENTH ANNUAL GENERAL MEETING of the Company, to be held on Monday, 30th day of September, 2019 at 11.00 A.M. at the Corporate office of the company and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr.	Resolutions	Vote (*Optional)	
		For	Against
	Ordinary Business		
1	To receive, consider and adopt the Audited Financial Statement for the year ended 31st March, 2019, together with the Report of the Board of Directors and Auditors thereon.		
2	To declare Dividend on Equity Shares.		
3	To appoint a Director in place of Shri Dhirajlal R. Shah (DIN 00010480), Director who retires by rotation and being eligible, offers himself for re-appointment.		
4	To re-appoint Statutory Auditors and fix their remuneration		
	Special Business		
5	To ratify the Remuneration of Cost Auditors.		
6	To appoint Shri Vaibhav Jayantbhai Mehta as an Independent Director		
7	To appoint Shri Nitin R. Shah as a Whole-time Director		
8	To appoint Shri Arvind R. Shah as a Managing Director		
9	To appoint Shri Dhirajlal R. Shah as an Executive Chairman		
10	To appoint Shri Jayantilal R. Shah as a 'Head –Accounts & Legal' under Place of Profit		

Signed this _____ day of September, 2019.

Signature of the Shareholder(s) _____

Signature of Proxy holder(s) _____

Affix
Rs. 1
Revenue
Stamp

NOTE: 1. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the company.

2. A Proxy need not be a member of the Company. Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member.

3. Please complete all details including details of member(s) in above box before submission.

*It is optional to put an 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

Shahlon Silk Industries Ltd.

(CIN : U17120GJ2008PLC053464)

Corporate office : 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat – 395002 (Gujarat)

Tel : +91 261 4190200, Fax : +91 261 2635550, Web : www.shahlon.com

ATTENDANCE SLIP ELEVENTH ANNUAL GENERAL MEETING

- PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING VENUE.
- THIS ATTENDANCE IS VALID ONLY IN CASE SHARES ARE HELD ON THE DATE OF MEETING.

I/We hereby record my/our presence at ELEVENTH ANNUAL GENERAL MEETING of the Company held on Monday, 30th September, 2019 at 11.00 A.M. at the Corporate office of the Company.

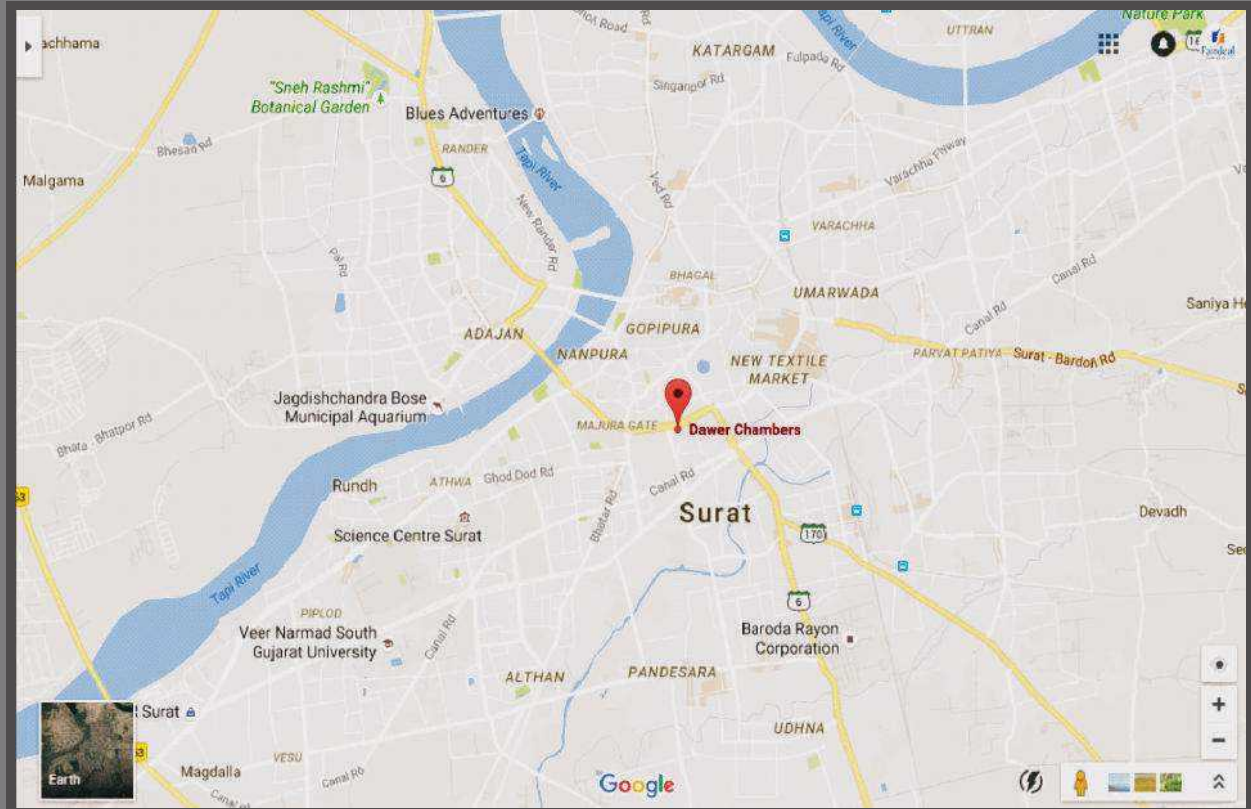
Ledger Folio No. / Client ID No. :

No. of shares held :

Name of the Shareholder(s)/proxy :

Signature of shareholder(s) /Proxy present

Route map to the venue of the 11th Annual General Meeting.



Landmark : Next to J. K. Tower

Venue:

Shahlon Silk Industries Ltd.

3rd Floor, Dawer Chamber, Near Sub Jail, Ring Road,
Surat, Gujarat 395002, India.



Shahlon
Silk Industries Ltd.

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